8/21/84 U7475-2 A

JULY 1984 MONTHLY REPORT

August 8, 1984

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

CONSUMER RESILENCE: "GLOOM BUSTERS"

** In the July 1984 survey, the Index of Consumer Sentiment was 96.6, up from 95.5 one month earlier, and 93.9 one year earlier. Among families with incomes of $25,000 or over, the Index of Consumer Sentiment was 102.8 in July, down from 104.5 in June. Despite small declines from the peaks recorded earlier in 1984, consumer sentiment remained at very favorable levels.

** The proportion of families whose financial situation had improved during the past year was 42 percent in July, down from 47 percent in June, but just above the 40 percent recorded one year earlier. Fewer families mentioned receiving income increases in July than one month earlier (31 vs 39 percent). Prospects for future improvement in their financial situation remained optimistic, as 34 percent expected improvement in the year ahead, compared with 10 percent that expected financial declines.

** Two-thirds of all families were aware of the improvements in the economy during the past year, yet less than half that number expected continued growth during the year ahead. Despite the expected slowing in economic growth, 61 percent expected good times financially in the economy during the year ahead. Longer term economic prospects also remained favorable in the July survey, with 44 percent of all families expecting good times financially in the economy as a whole during the next five years or so, up from 42 percent one month earlier.

** Interest rates were expected to increase by 58 percent of all families in the July survey, down from 64 percent one month earlier, and the cyclical peak of 68 percent recorded three months earlier. Just 11 percent of all families expected interest rates to decline during the year ahead in the July survey. The majority of respondents (53 percent) expected the unemployment rate to remain at its current improved level during the year ahead. The inflation rate was expected to average 4.1% during the year ahead, down from 4.6% one year earlier.

** Favorable attitudes toward buying conditions for large household durables were held by 71 percent of all families in the July survey, up from 67 percent in June, and just below the record peak of 77 percent recorded in May 1984. Favorable home buying attitudes declined somewhat in the July survey, due to rising mortgage rates. Among all families, 52 percent rate home buying conditions favorably, down from 55 percent one month earlier, and 66 percent three months earlier. During the past three months, the proportion of families that cited high interest rates as the cause for unfavorable buying conditions rose from 20 to 36 percent.

** Attitudes toward buying conditions for vehicles have remained favorable for more than a year, the July survey being no exception. Among all families, 62 percent rated vehicle buying conditions favorably, just between the 60 percent recorded one month earlier, and the 65 percent recorded one year earlier.

* * *

Consumer confidence has been maintained at very favorable levels in the July survey, and points toward continued high sales levels through 1984 and into early 1985. Unlike the period of growth in consumer sales in the mid 1970s, when low real rates tilted spending in favor of credit purchases, the current high real rates will favor non-credit purchases.

Monitoring Economic Change Program
Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

9/12/24 U7475-2 A

SURVEYS OF CONSUMER ATTITUDES

Institute for Social Research

TABLES AND CHARTS

AUGUST 1984

The August 1984 survey is the 191st in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

© University of Michigan, 1984

TABLE OF CONTENTS

CHART/ TABLE	TITLE
1	THE INDEX OF CONSUMER SENTIMENT
2	INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS
3	COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT
4	CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO
5	SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION
6	EXPECTED CHANGE IN FINANCIAL SITUATION
7	TREND IN PERSONAL FINANCIAL SITUATION
8	EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS
9	PAST CHANGE IN REAL FAMILY INCOME
10	EXPECTED CHANGE IN REAL FAMILY INCOME
11	TREND IN FAMILY INCOME AND PRICE COMPARISON
12	NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS
13	SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS
14	CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO
15	EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR
16	REASONS FOR OPINIONS ABOUT CHANGES IN BUSINESS CONDITIONS IN A YEAR
17	TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS
18	BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS
19	BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS
20	EXPECTED CHANGE IN UNEMPLOYMENT
21	EXPECTED CHANGE IN INTEREST RATES
22	CHANGE IN PRICES DURING THE LAST 12 MONTHS
23	EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS
24	UNEMPLOYMENT OR INFLATION MORE SERIOUS ECONOMIC HARDSHIP
25	OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY
26	BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS
27	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS
28	BUYING CONDITIONS FOR HOUSES
29	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES
30	BUYING CONDITIONS FOR CARS
31	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS
32	PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS
33	CURRENT VEHICLE PURCHASE INTENTIONS
34	FUTURE VEHICLE PURCHASE INTENTIONS

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

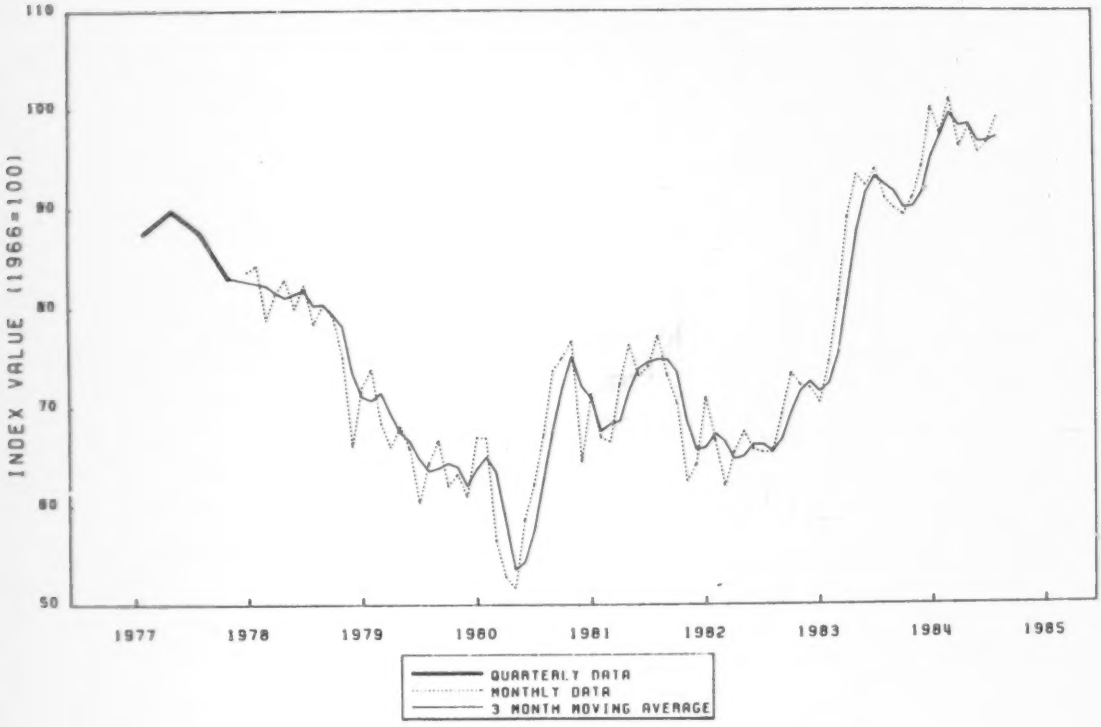


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

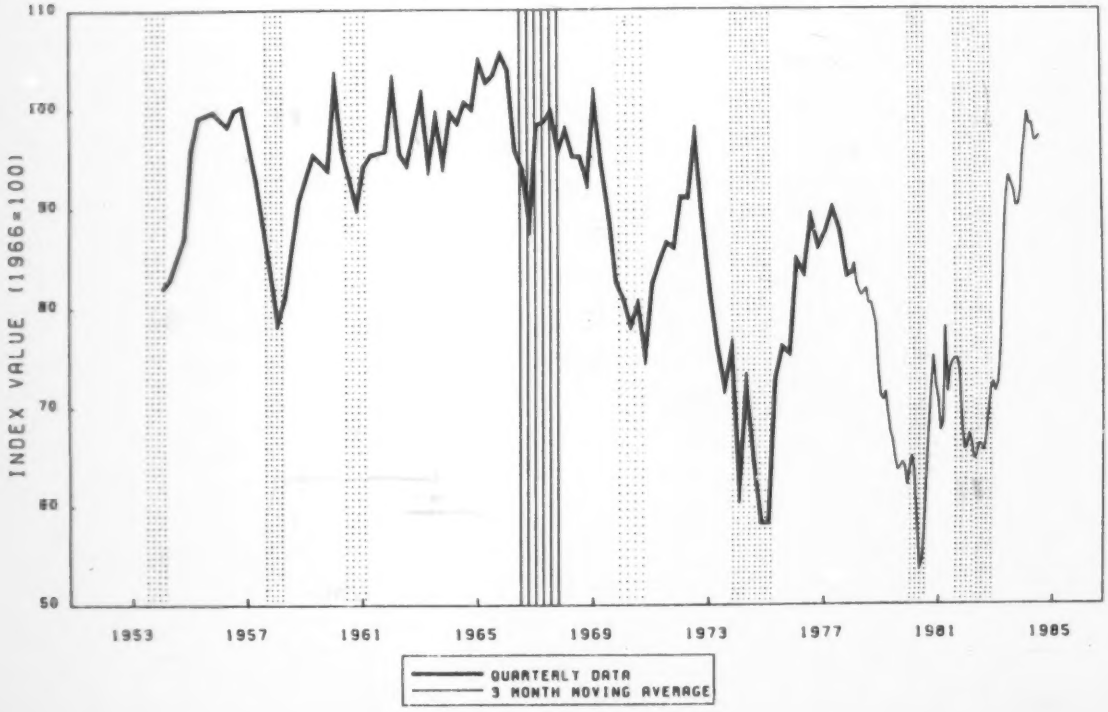


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $20,000	Families with incomes over $25,000
August 1981	77.2	82.7	85.0
September 1981	73.1	75.2	73.3
October 1981	70.3	74.5	77.9
November 1981	62.5	67.2	66.3
December 1981	64.3	71.0	71.1
January 1982	71.0	77.9	77.8
February 1982	66.5	71.5	72.8
March 1982	62.0	67.0	67.9
April 1982	65.5	71.5	73.2
May 1982	67.5	72.7	74.8
June 1982	65.7	71.4	72.9
July 1982	65.4	68.9	69.2
August 1982	65.4	71.0	73.6
September 1982	69.3	78.4	81.1
October 1982	73.4	77.5	80.9
November 1982	72.1	79.3	81.1
December 1982	71.9	78.0	80.5
January 1983	70.4	78.2	78.8
February 1983	74.6	79.9	81.3
March 1983	80.8	88.4	88.9
April 1983	89.1	97.1	99.0
May 1983	93.3	99.6	101.0
June 1983	92.2	101.2	102.5
July 1983	93.9	104.4	106.5
August 1983	90.9	101.2	103.5
September 1983	89.9	99.0	102.3
October 1983	89.3	99.5	101.9
November 1983	91.1	97.2	98.8
December 1983	94.2	101.7	104.5
January 1984	100.1	112.0	114.2
February 1984	97.4	109.6	111.2
March 1984	101.0	110.9	114.2
April 1984	96.1	103.9	105.5
May 1984	98.1	105.6	107.1
June 1984	95.5	104.4	104.5
July 1984	96.6	103.2	102.8
August 1984	99.1	106.7	109.2

CHART 2A - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

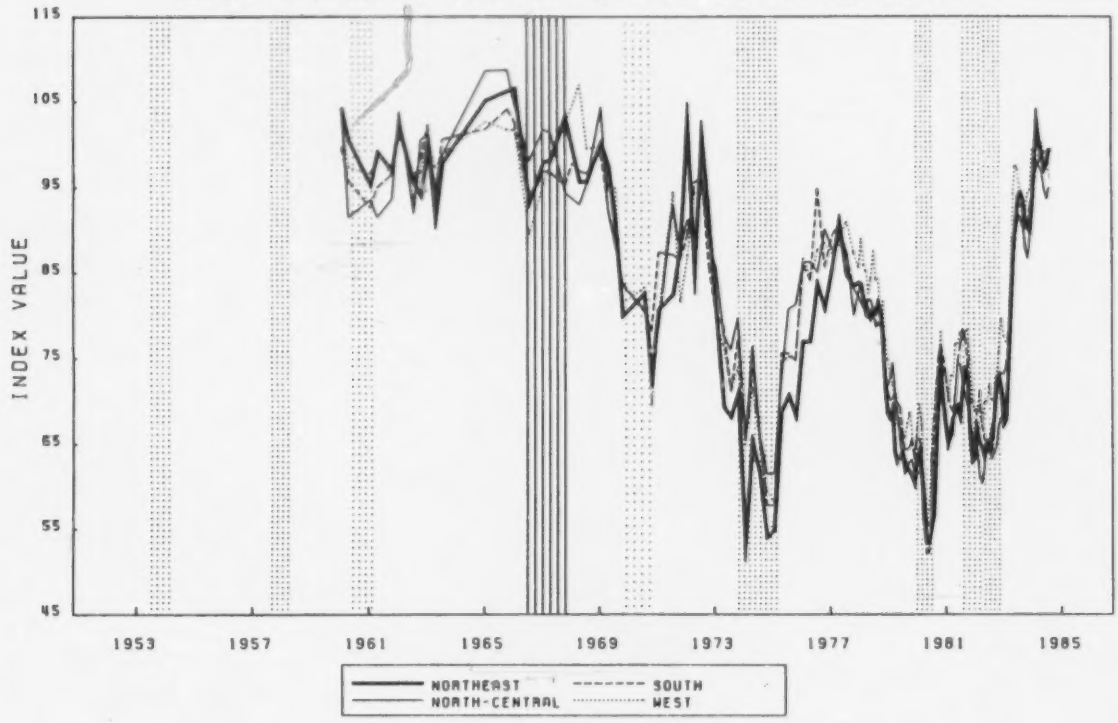
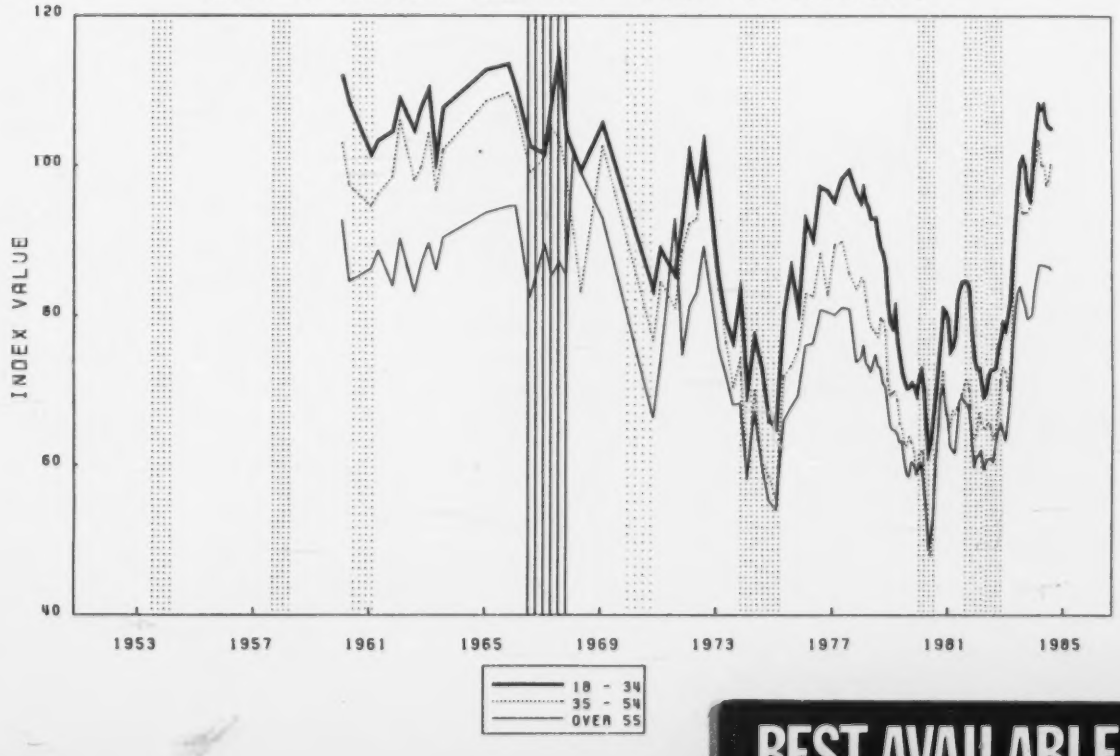


CHART 2B - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS



BEST AVAILABLE COPY

TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
August 1981	77.0	70.1	83.2	79.2	87.8	75.0	67.9
September 1981	75.1	69.9	72.4	76.6	81.4	68.8	69.2
October 1981	67.9	68.2	68.9	79.0	80.7	65.9	64.8
November 1981	55.8	64.7	61.1	68.8	71.3	59.6	57.7
December 1981	65.0	65.3	64.4	61.6	70.9	65.3	56.7
January 1982	68.8	67.3	72.0	76.2	76.6	67.4	68.5
February 1982	65.9	60.6	71.8	68.8	71.5	68.3	59.0
March 1982	60.5	55.8	64.7	68.2	65.5	61.4	58.8
April 1982	67.2	64.6	65.0	65.8	70.6	65.5	60.4
May 1982	62.4	66.5	66.6	75.7	72.7	67.6	62.0
June 1982	65.4	65.0	64.9	68.6	72.4	64.4	60.3
July 1982	65.1	64.0	63.5	71.1	73.4	63.3	60.6
August 1982	68.1	60.6	64.0	70.6	72.6	62.9	60.2
September 1982	70.3	67.2	71.1	68.8	73.0	66.7	68.0
October 1982	77.8	66.2	74.1	79.3	81.2	72.1	65.5
November 1982	70.6	67.9	73.2	79.3	76.6	75.7	63.8
December 1982	66.1	70.0	72.5	80.4	78.9	71.7	64.2
January 1983	64.9	70.5	73.6	72.8	78.8	70.0	62.0
February 1983	72.1	72.3	75.8	77.2	82.1	68.3	72.4
March 1983	82.9	73.7	82.7	84.4	84.9	81.5	75.5
April 1983	89.1	88.0	87.2	95.6	95.8	90.5	80.5
May 1983	88.3	90.7	93.3	102.7	97.2	97.1	84.9
June 1983	95.1	88.7	92.5	94.1	97.8	94.4	83.9
July 1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August 1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September 1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October 1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November 1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.5	95.3	98.2	99.3	106.5	95.9	87.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

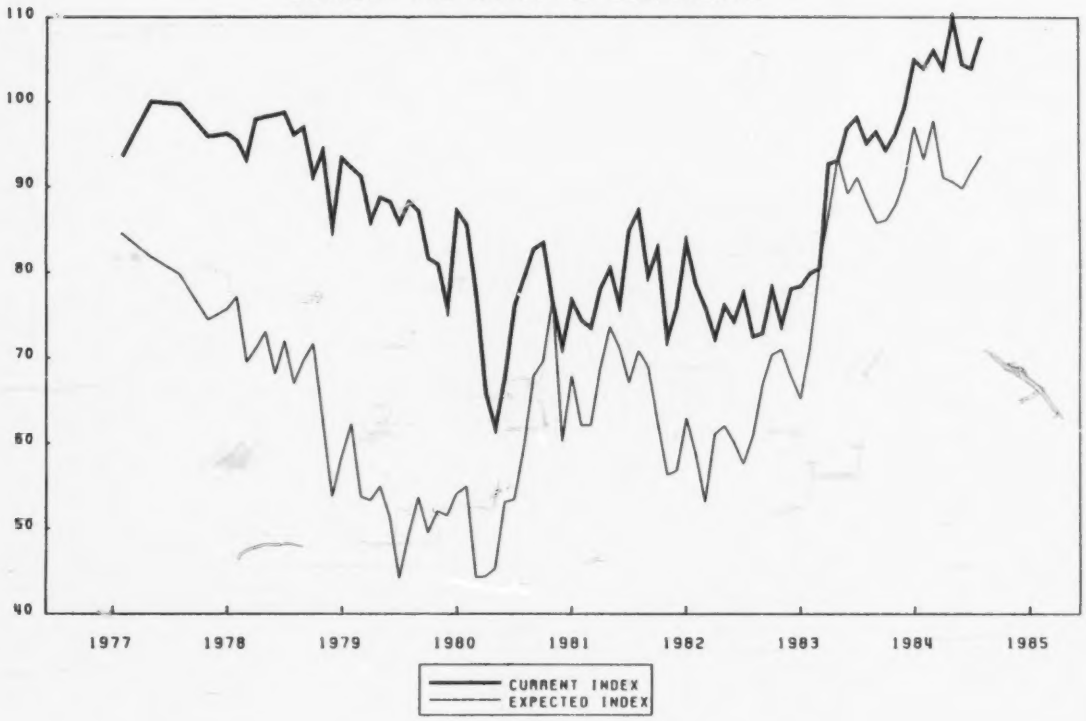


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

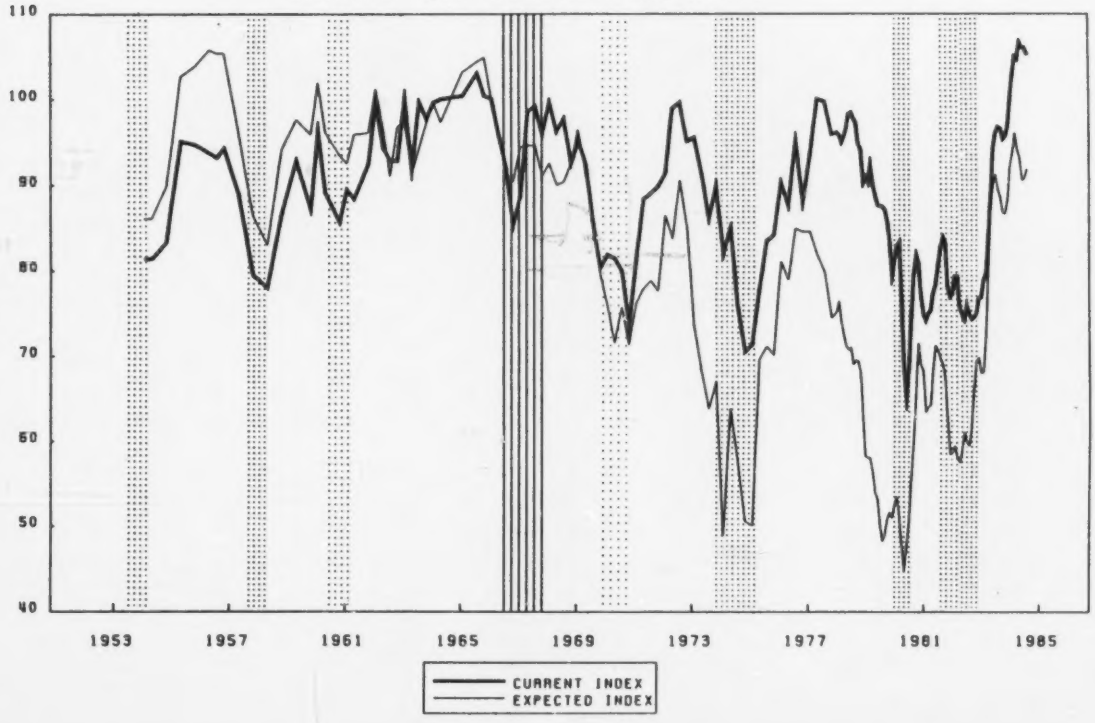


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current (1)	Expected (2)	12 months (3)	5 years (4)	Buying conds. (5)	Current Index (1,5)	Expected Index (2,3,4)
August 1981	100	117	92	72	123	87.1	70.8
September 1981	94	113	80	80	109	79.5	69.0
October 1981	95	110	68	67	117	82.7	62.3
November 1981	85	110	54	56	99	72.1	56.3
December 1981	94	110	54	61	101	75.9	56.8
January 1982	92	115	66	70	124	83.5	62.9
February 1982	91	112	56	65	111	78.6	58.7
March 1982	89	106	44	60	106	75.9	53.1
April 1982	87	111	62	70	99	72.3	61.1
May 1982	94	113	62	72	102	76.1	62.0
June 1982	92	116	58	65	99	74.3	60.1
July 1982	90	113	53	63	110	77.5	57.6
August 1982	89	110	64	69	97	72.5	60.9
September 1982	89	116	76	74	98	72.9	66.9
October 1982	95	119	79	83	106	78.1	70.4
November 1982	85	121	77	86	105	73.8	71.0
December 1982	90	117	74	80	111	78.1	67.9
January 1983	91	115	76	69	111	78.4	65.2
February 1983	89	117	87	81	117	79.9	71.2
March 1983	92	126	113	85	115	80.5	80.9
April 1983	108	131	120	99	131	92.7	86.9
May 1983	101	137	139	100	139	93.1	93.4
June 1983	110	128	134	97	141	96.9	89.2
July 1983	111	126	136	104	143	98.1	91.1
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	117	124	136	106	153	103.9	91.1
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7

(1) See Table 4.
(2) See Table 6.
(3) See Table 18.
(4) See Table 19.
(5) See Table 26.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

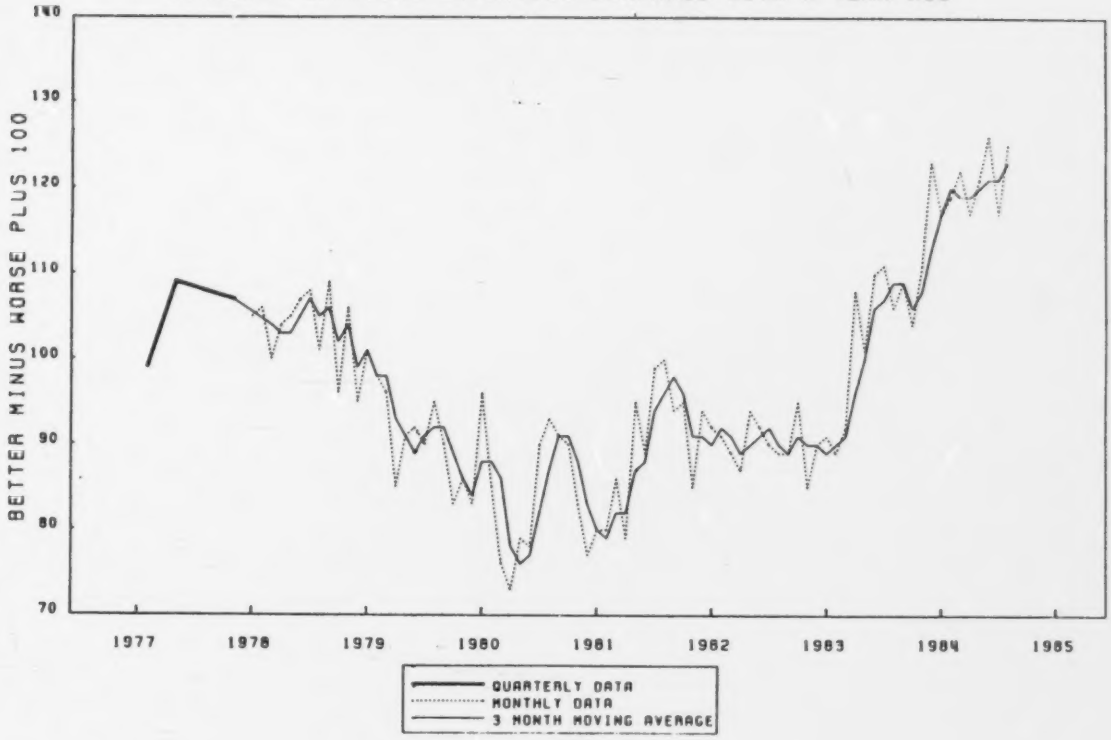


CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

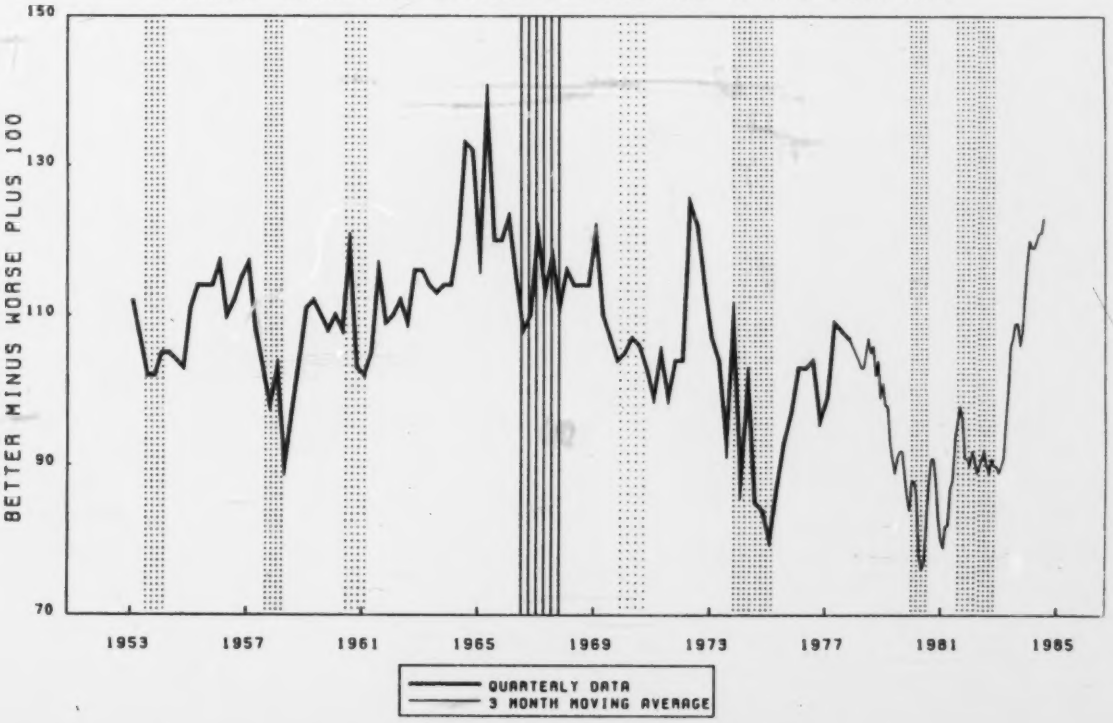


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
BETTER OFF	36%	38%	36%	38%	45%	42%	44%	48%	43%	44%	47%	42%	48%
SAME	34	33	32	35	33	32	31	26	30	33	31	33	29
WORSE OFF	30	29	32	27	22	25	25	26	26	23	21	25	23
DK,NA	*	*	*	*	*	1	*	*	1	*	1	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

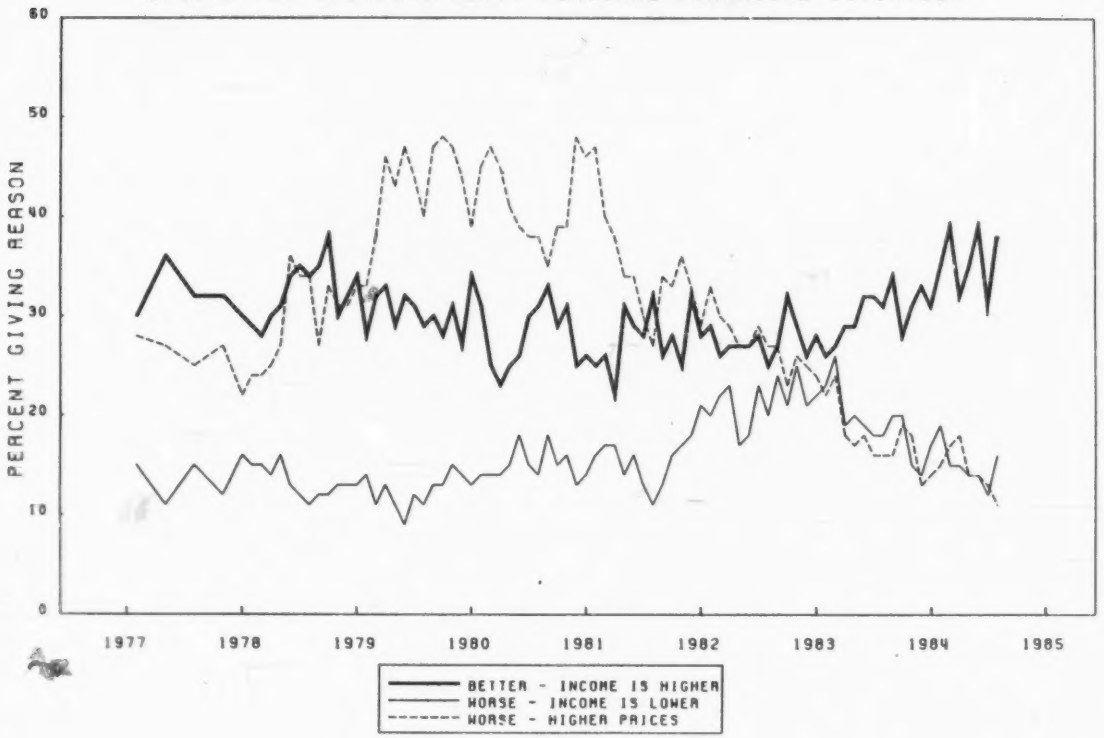


CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

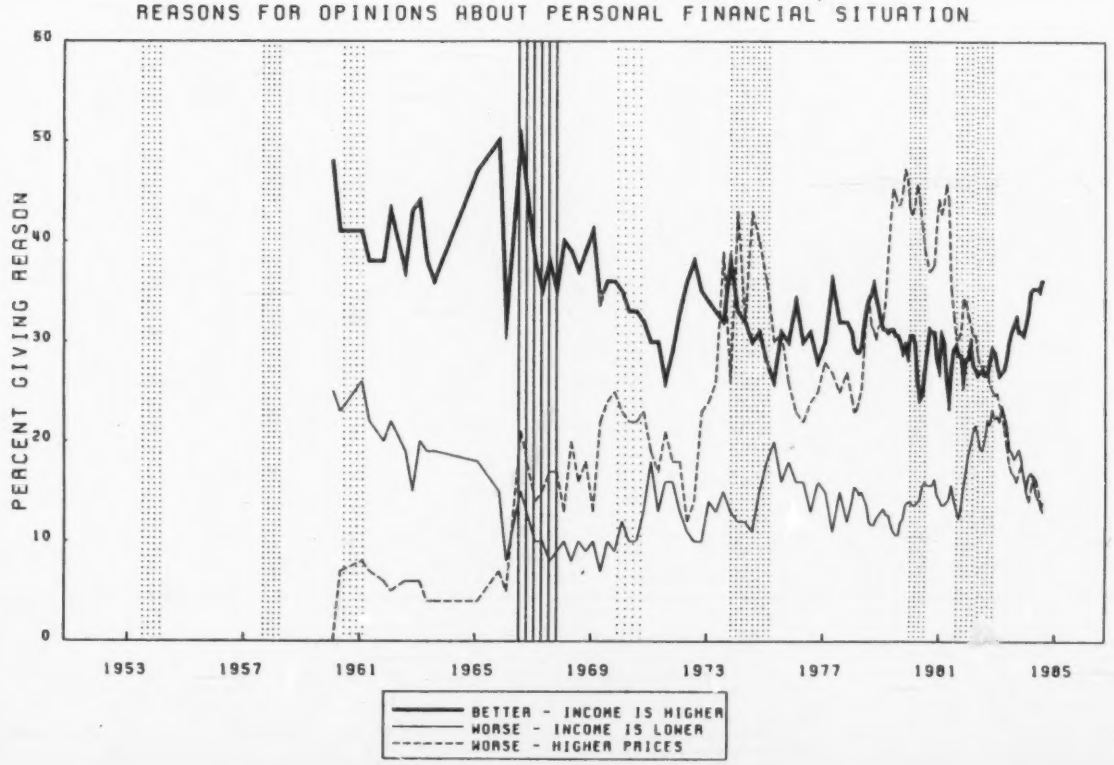


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
BETTER OFF THAN YEAR AGO:													
Income is higher	31%	34%	28%	31%	33%	31%	35%	39%	32%	35%	39%	31%	38%
WORSE OFF THAN YEAR AGO:													
Income is lower	18	20	20	15	14	17	19	15	15	14	14	12	16
Higher prices	16	16	19	18	13	14	15	17	18	14	14	13	11

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

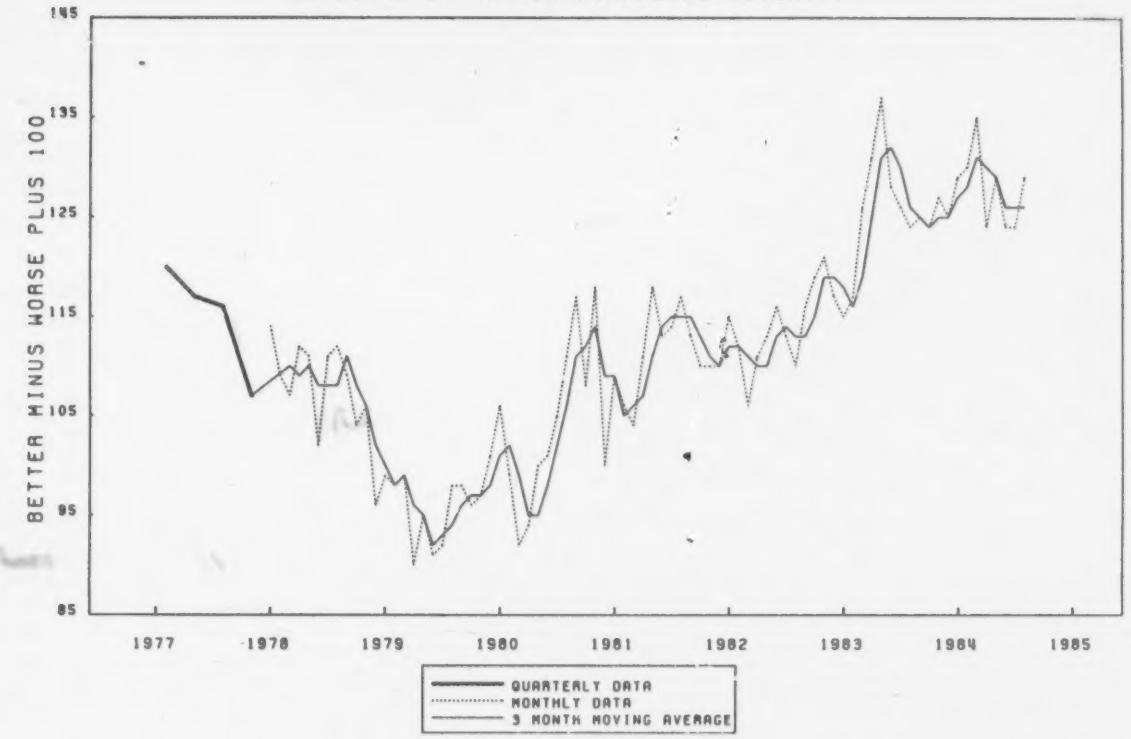


CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

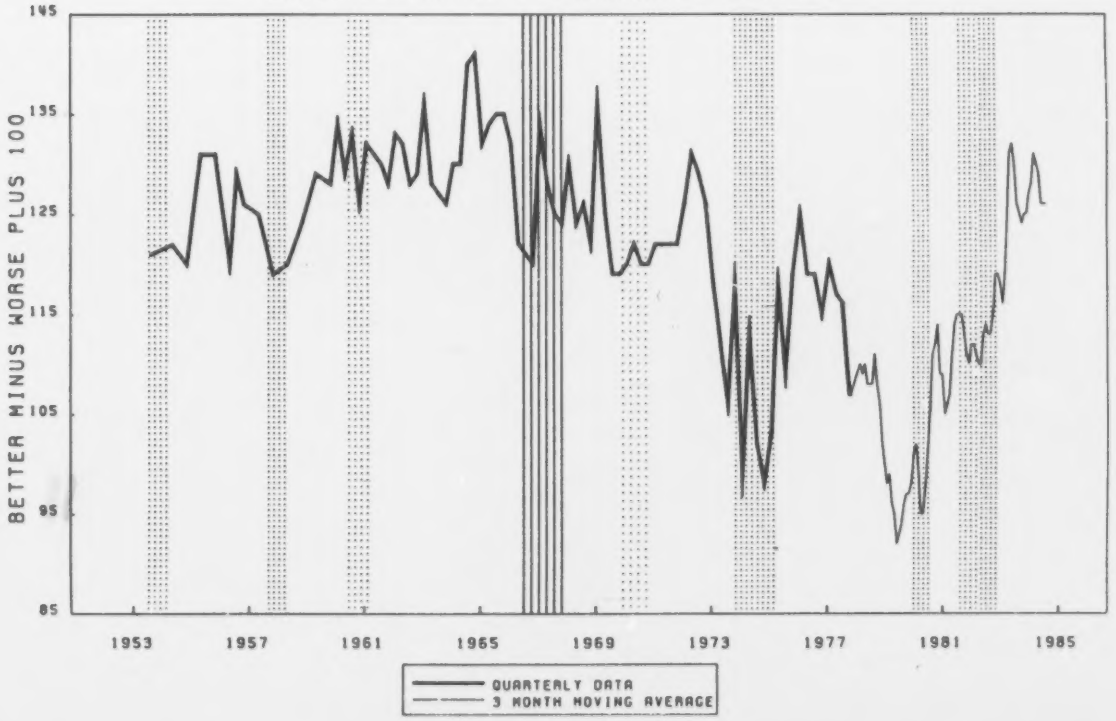


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
BETTER OFF	37%	37%	37%	38%	35%	38%	41%	44%	37%	40%	35%	34%	38%
SAME	46	48	46	47	51	50	44	44	48	47	52	51	49
WORSE OFF	13	12	13	11	10	9	11	9	13	11	11	10	9
DK,NA	4	3	4	4	4	3	4	3	2	2	2	5	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES

TREND IN PERSONAL FINANCIAL SITUATION

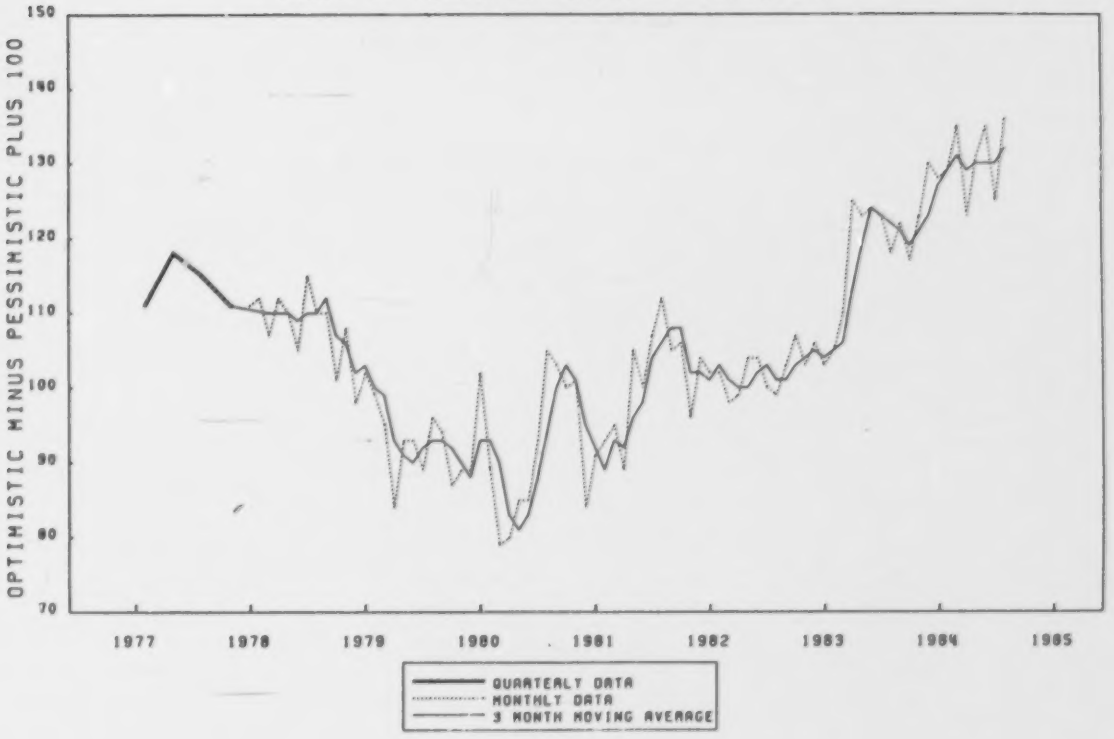


CHART 7 - HISTORICAL SERIES

TREND IN PERSONAL FINANCIAL SITUATION

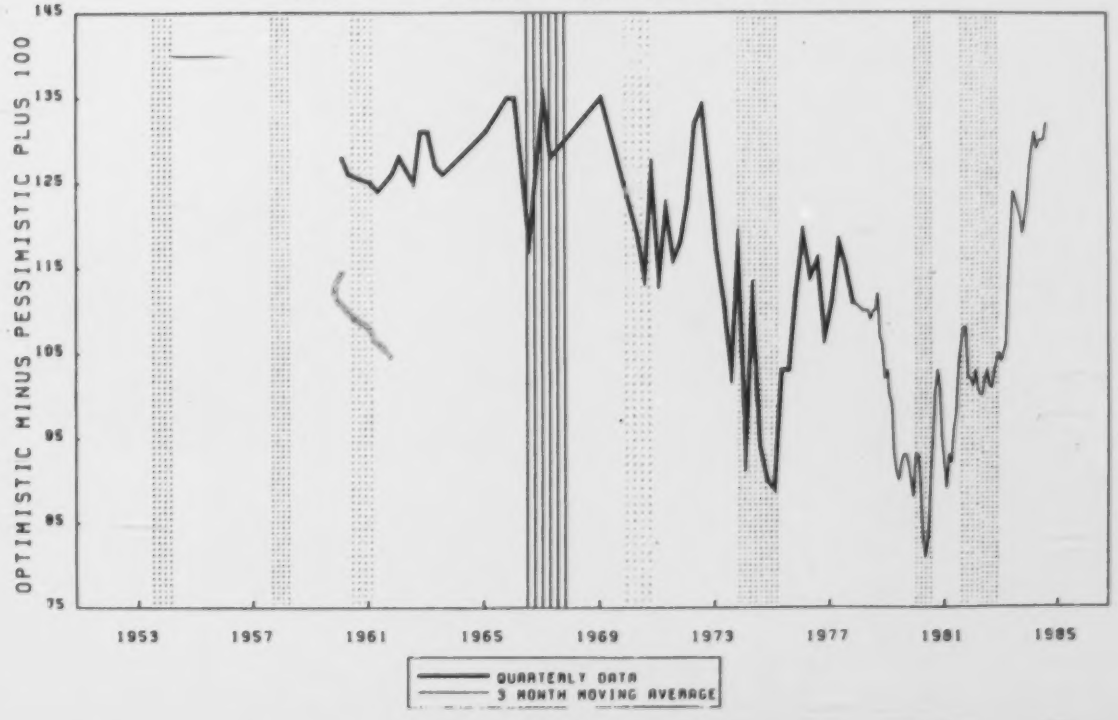


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	19%	18%	19%	20%	22%	22%	24%	27%	23%	23%	20%	22%	24%
Intermittent increase (b)	23	27	23	23	26	26	25	27	22	24	32	24	30
Remain unchanged (c)	19	18	18	21	22	18	17	14	19	21	19	21	17
Intermittent decline (d)	18	17	18	15	13	16	16	14	16	12	12	16	13
Continuous decline (e)	6	6	7	5	5	4	4	5	6	4	5	5	5
Mixed change (f)	10	11	11	11	8	10	10	10	11	14	10	7	8
DK,NA	5	3	4	5	4	4	4	3	3	2	2	5	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

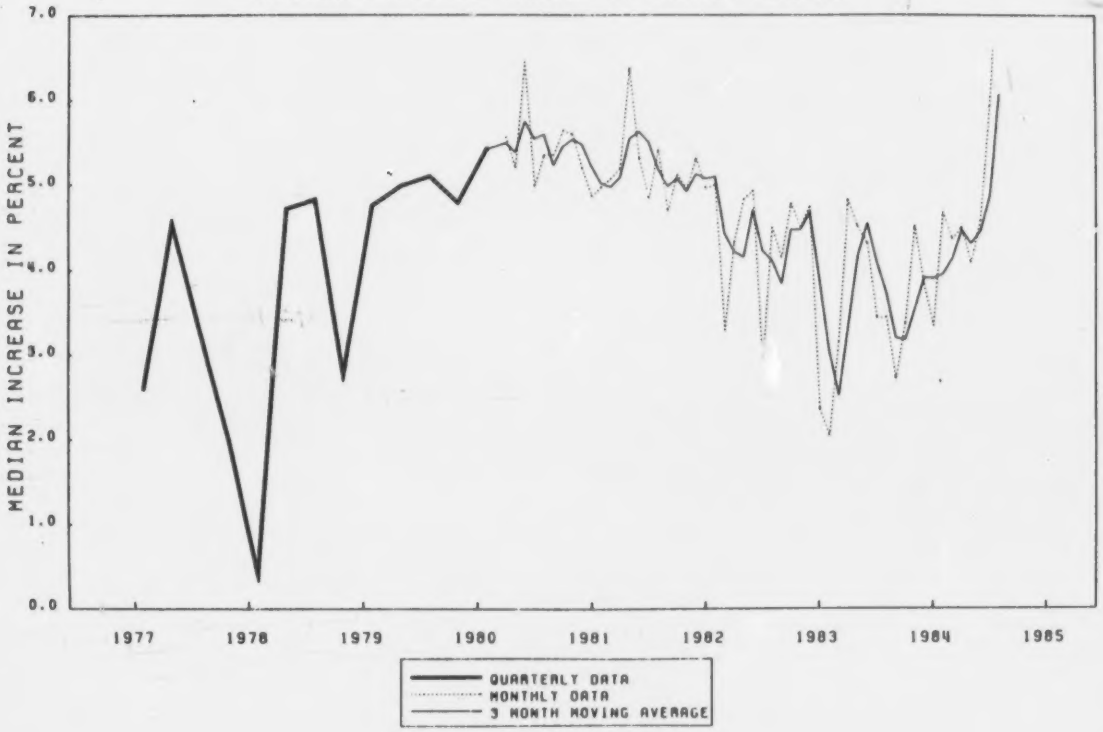


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
EXPECT INCREASE:													
1-4%	13%	11%	11%	12%	12%	15%	13%	14%	11%	11%	12%	17%	13%
5%	10	12	10	9	10	11	13	9	11	9	11	12	11
6-9%	10	5	10	8	10	8	10	8	8	7	12	8	11
10-24%	15	14	15	19	16	16	19	18	18	21	17	17	18
25% or more	8	9	7	8	7	7	6	11	8	8	7	6	7
DK how much up	4	6	5	7	5	4	4	6	5	6	3	4	3
EXPECT SAME	23	30	26	23	26	27	22	26	22	26	24	23	24
EXPECT DOWN	14	12	13	11	12	10	11	7	15	11	11	11	11
DK,NA	3	1	3	3	2	2	2	1	2	1	3	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES

INCOME OR PRICES UP MORE DURING THE LAST YEAR

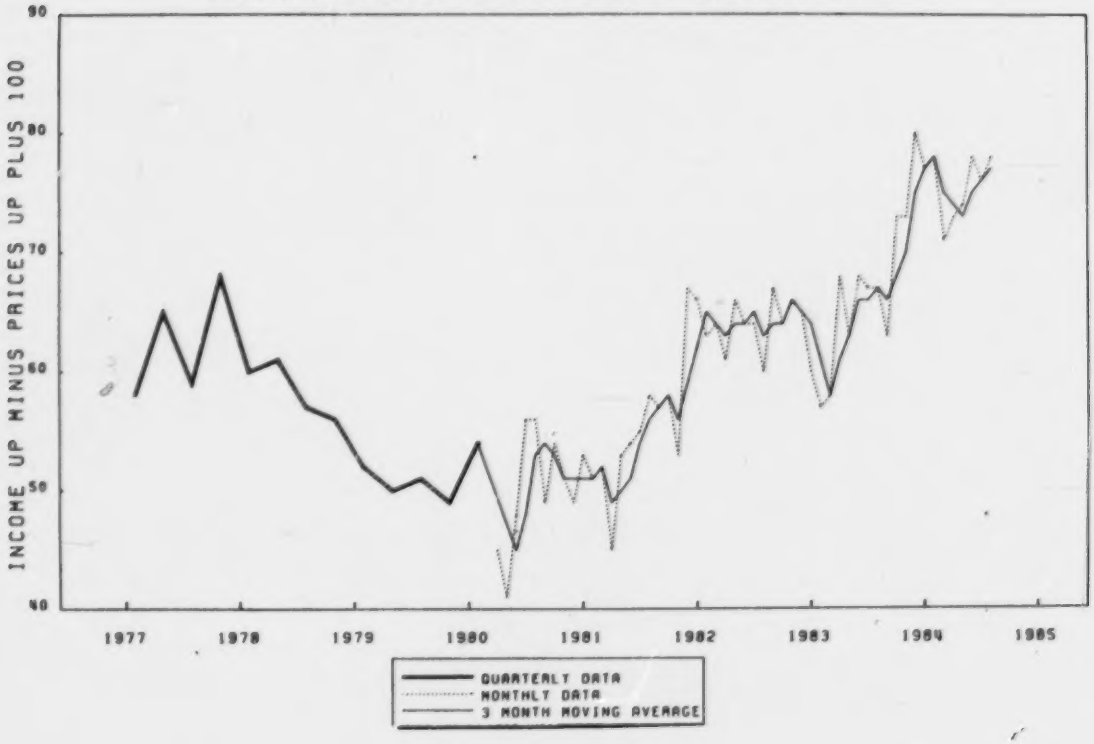


TABLE 9

PAST CHANGE IN REAL FAMILY INCOME

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
INCOME UP MORE	20%	15%	20%	22%	23%	23%	22%	20%	20%	20%	21%	21%	21%
INCOME UP SAME	26	31	32	28	32	29	32	30	32	33	34	33	34
PRICES UP MORE	53	52	47	49	43	46	44	49	47	46	43	45	43
DK,NA	1	2	1	1	2	2	2	1	1	1	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "During the last year or two, would you say that your (family) income went up more than prices, went up about the same as prices, or went up less than prices?"

CHART 10 - RECENT CHANGES

INCOME OR PRICES UP MORE NEXT YEAR

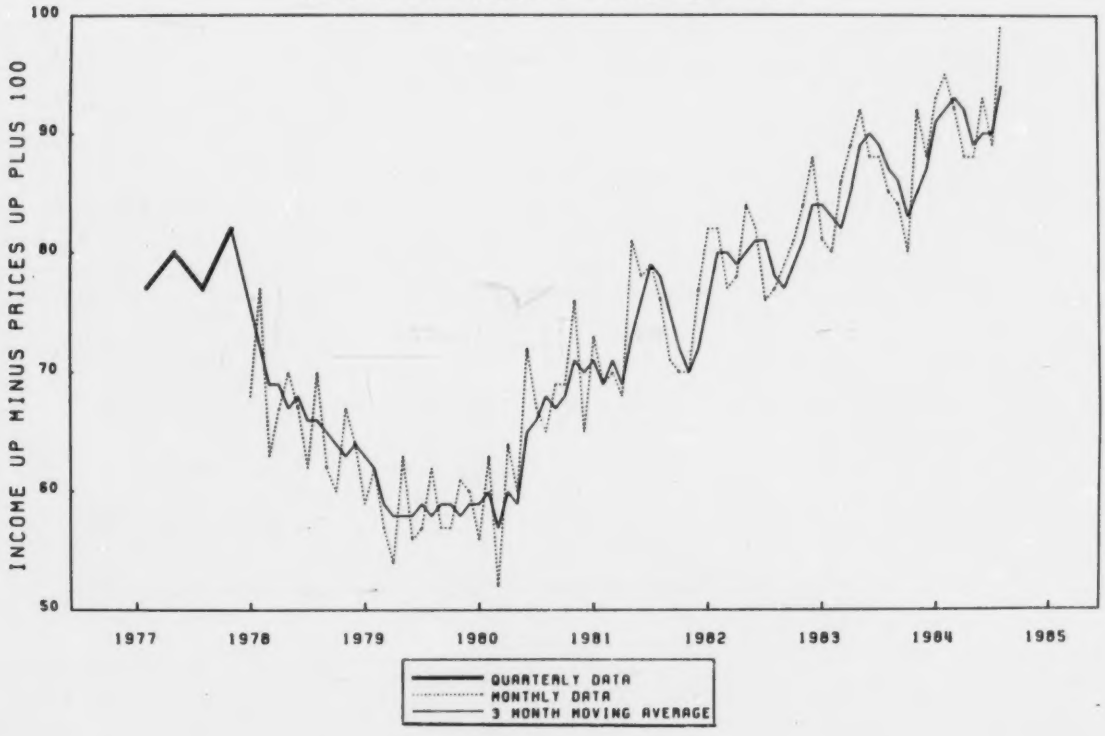


TABLE 10

EXPECTED CHANGE IN REAL FAMILY INCOME

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
INCOME UP MORE	19%	19%	18%	23%	20%	23%	24%	23%	21%	22%	22%	22%	25%
INCOME UP SAME	43	44	41	42	45	45	45	44	43	42	47	41	45
PRICES UP MORE	34	35	38	31	32	30	29	31	33	34	29	33	26
DK,NA	4	2	3	4	3	2	2	2	3	2	2	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 11 - RECENT CHANGES

TREND IN INCOME AND PRICE COMPARISON

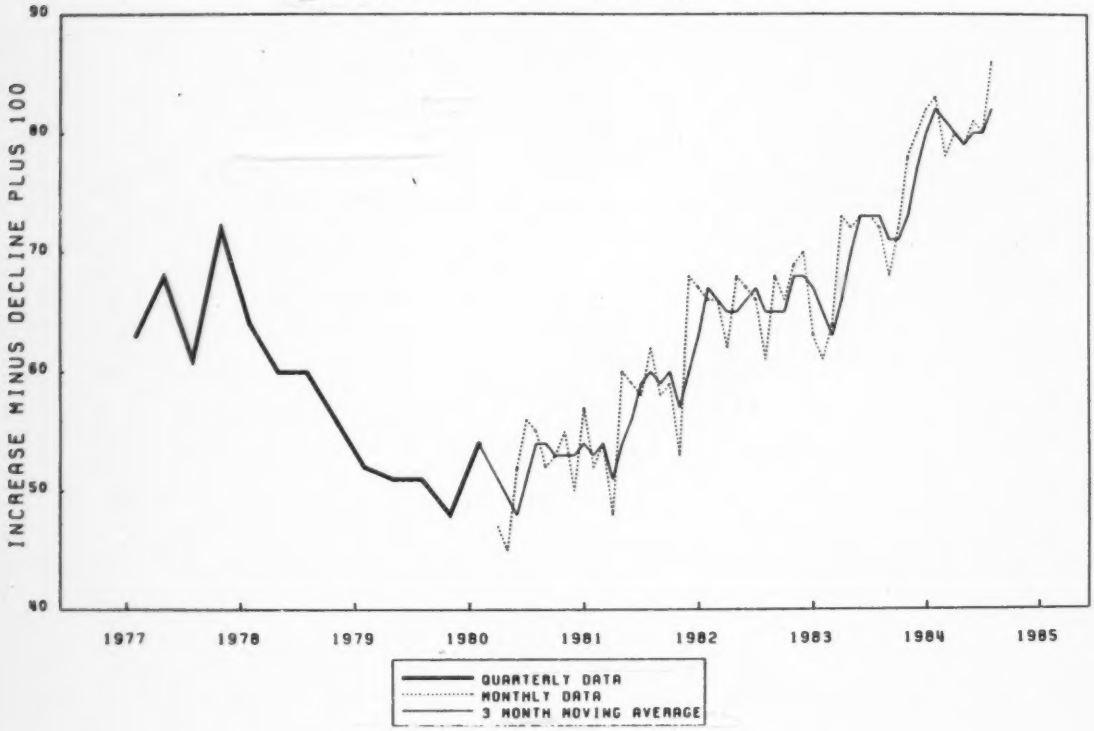


TABLE 11

TREND IN FAMILY INCOME AND PRICES COMPARISONS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
REAL INCOME PROGRESS:													
Continuous increase (a)	10%	8%	11%	13%	12%	12%	13%	12%	10%	9%	11%	10%	12%
Intermittent increase (b)	13	10	10	12	14	14	13	12	14	17	13	14	15
Remain unchanged (c)	16	21	20	17	19	19	20	20	21	17	22	20	21
Intermittent decline (d)	24	23	21	23	23	21	22	20	18	22	23	20	22
Continuous decline (e)	27	27	28	24	23	23	21	26	26	25	20	21	19
Mixed change (f)	6	8	7	7	6	8	6	8	7	7	8	8	6
DK,NA	4	3	3	4	3	3	5	2	4	3	3	4	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

Combination of the responses to the questions on Tables 9 and 10.

Key: (a) Income up more last year/Income up more next year
(b) Income up more/Same or Income up same/More
(c) Income up same/Same
(d) Prices up more/Same or Prices up same/More
(e) Prices up more/More
(f) Income up more/Prices up more or Prices up more/Income up more

CHART 12 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

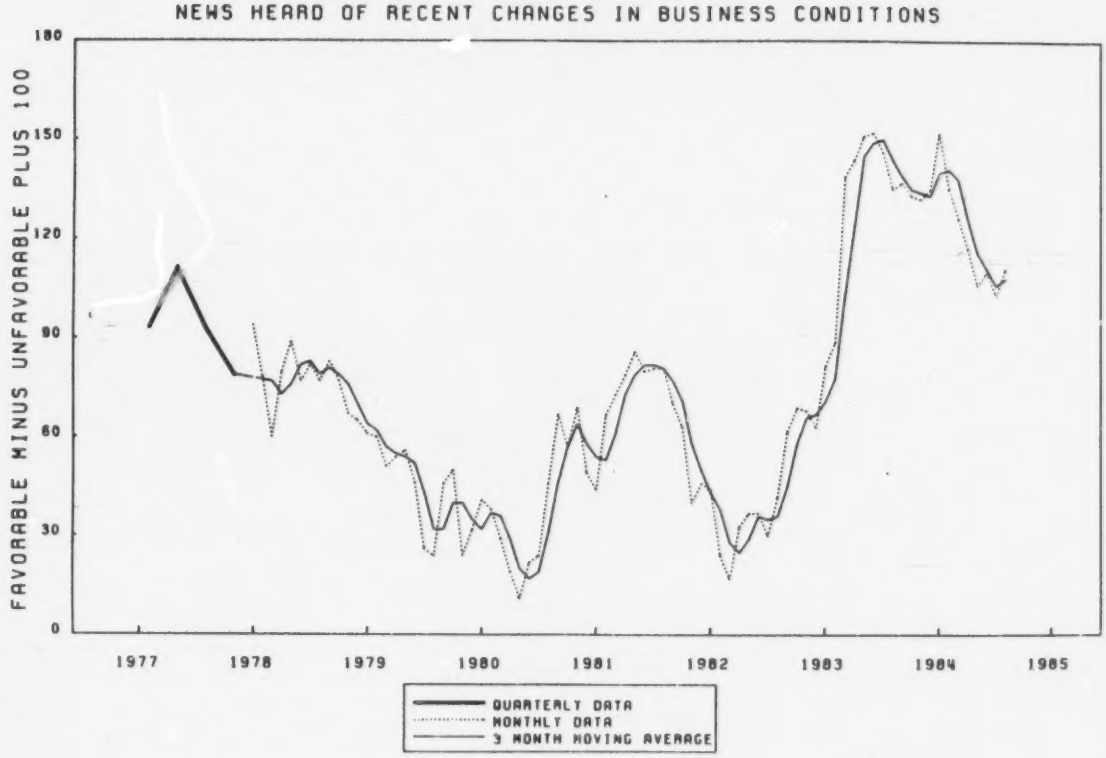


CHART 12 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

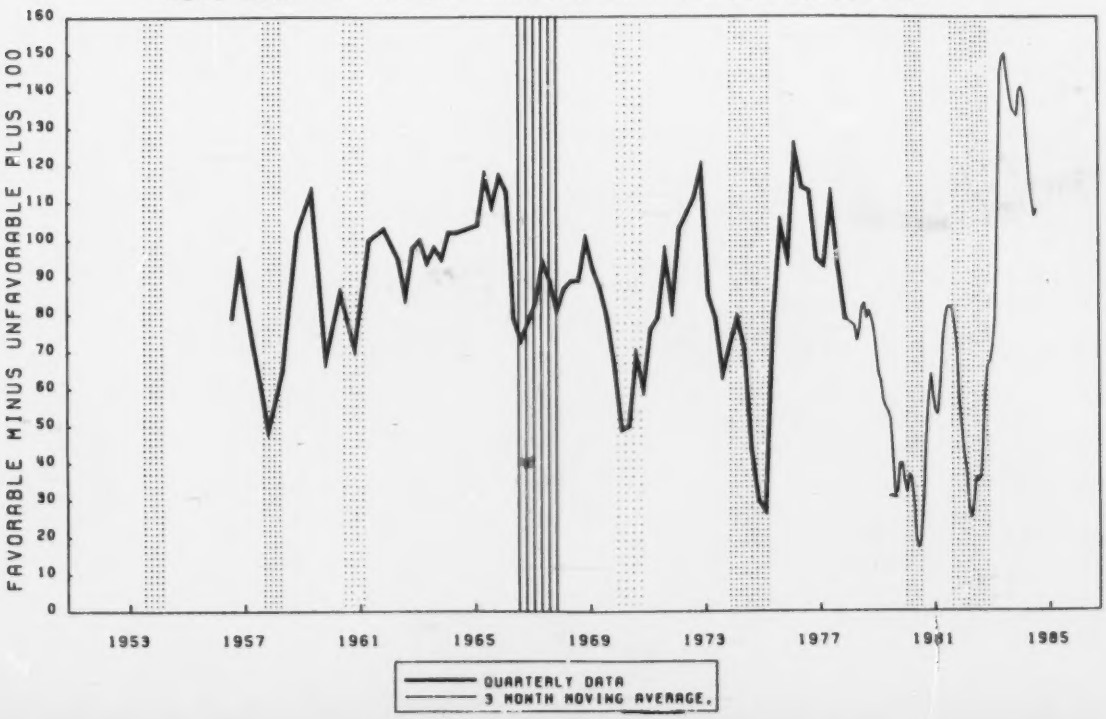


TABLE 12

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
FAVORABLE NEWS	69%	64%	63%	62%	60%	78%	66%	58%	49%	47%	50%	42%	51%
UNFAVORABLE NEWS	34	27	30	30	25	26	31	32	32	41	40	39	40
NO MENTIONS	34	43	41	39	42	33	38	43	46	41	41	46	39

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 13A - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

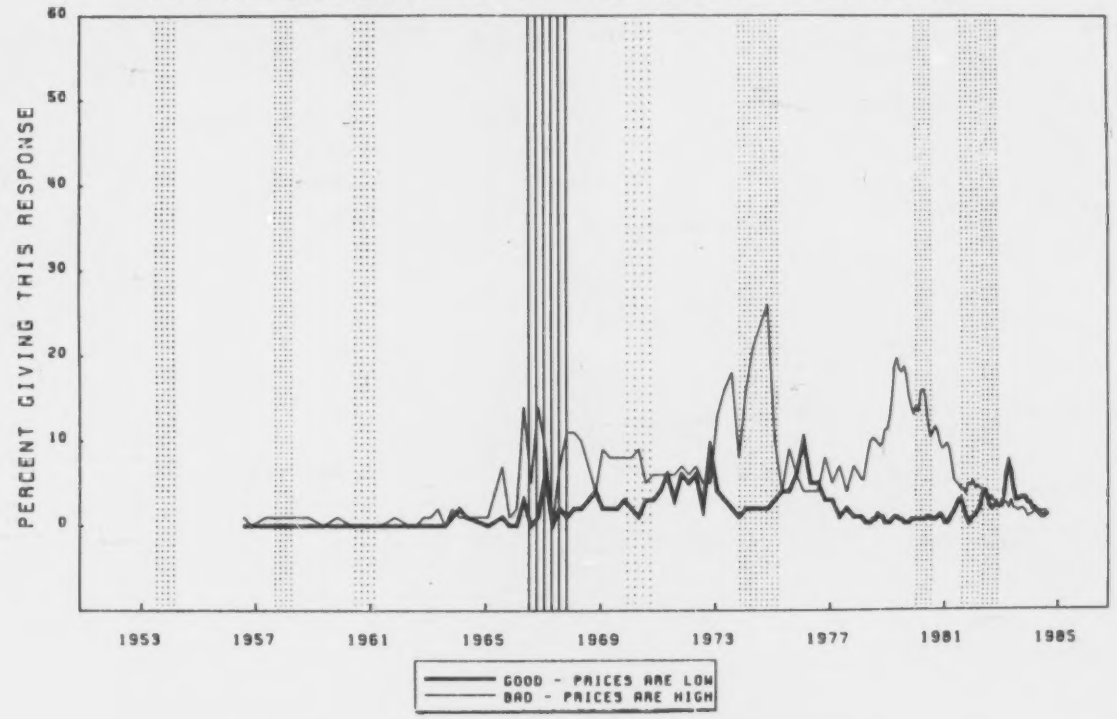


CHART 13B - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

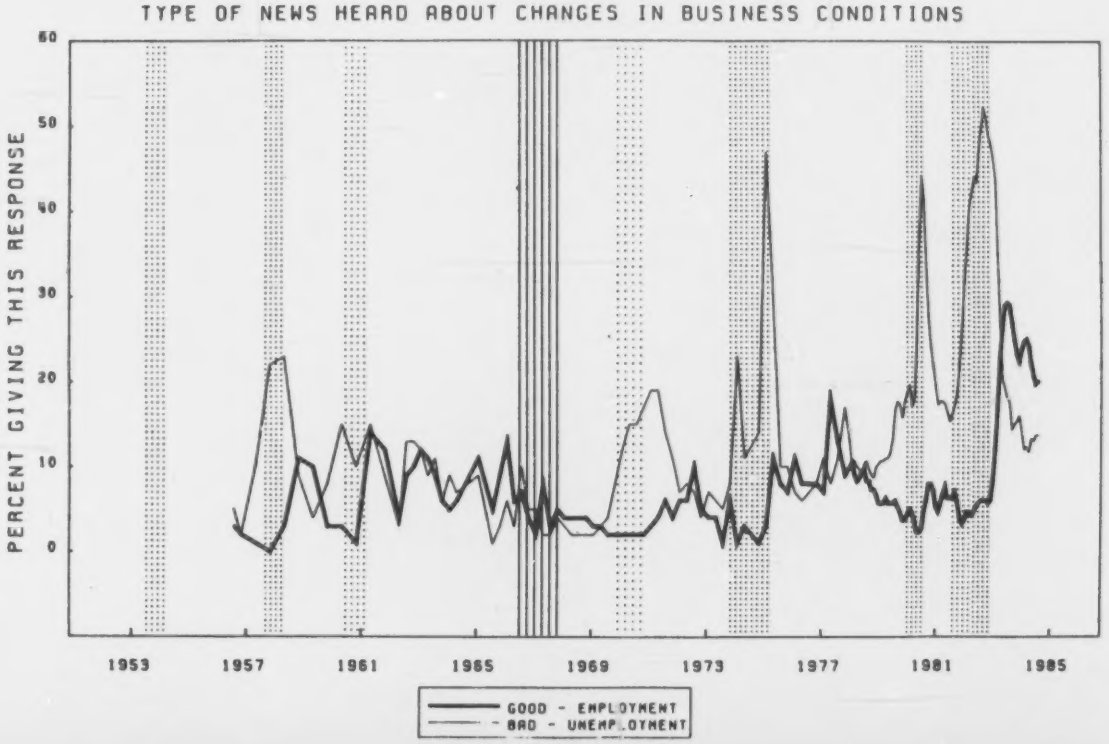


TABLE 13

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
FAVORABLE NEWS:													
Government; elections	2%	1%	2%	2%	1%	3%	2%	1%	1%	1%	2%	2%	2%
Employment	27	25	23	22	22	27	25	25	23	18	21	20	20
Consumer demand high	13	11	11	13	12	18	15	10	8	10	8	4	7
Prices are low	3	4	3	3	2	3	1	2	1	1	1	1	2
Credit is easy	8	8	7	5	4	5	4	5	4	2	3	2	4
UNFAVORABLE NEWS:													
Government; elections	3	1	1	2	3	2	5	4	2	3	2	4	4
Unemployment	16	11	18	17	13	13	10	14	11	15	13	13	15
Consumer demand low	2	1	1	2	*	2	1	1	*	2	1	2	2
Prices are high	2	3	1	1	1	2	1	2	1	2	2	1	2
Credit is tight	6	4	2	1	2	1	2	3	9	10	12	13	9
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 14 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

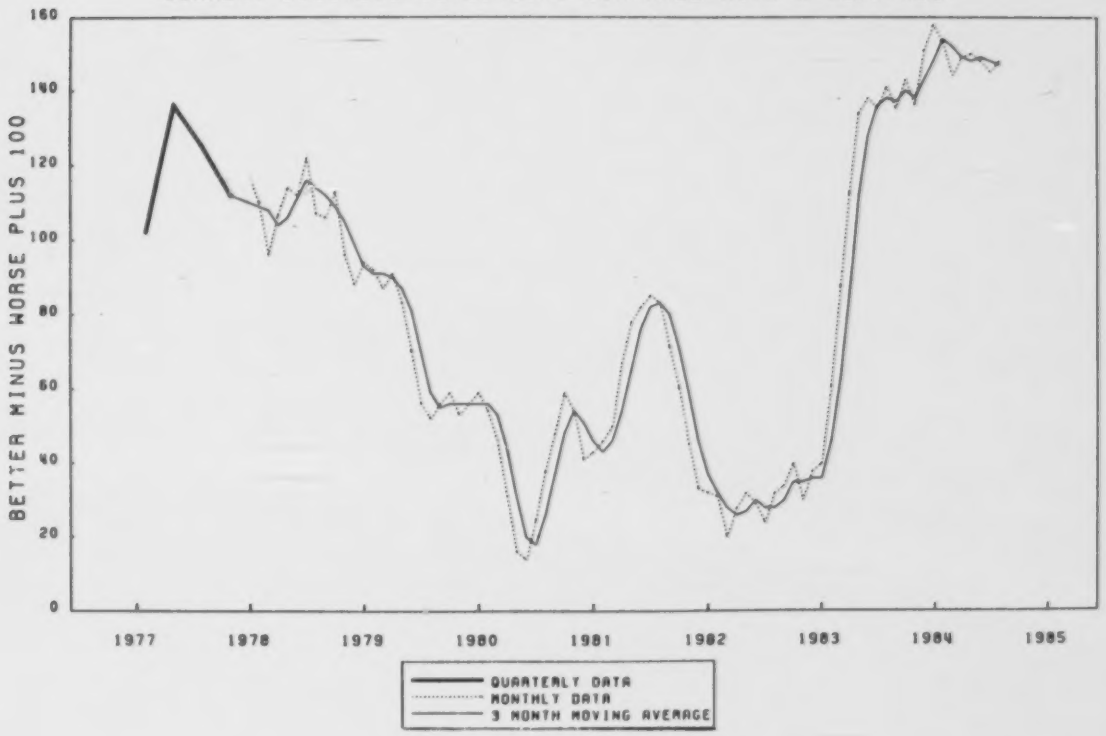


CHART 14 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

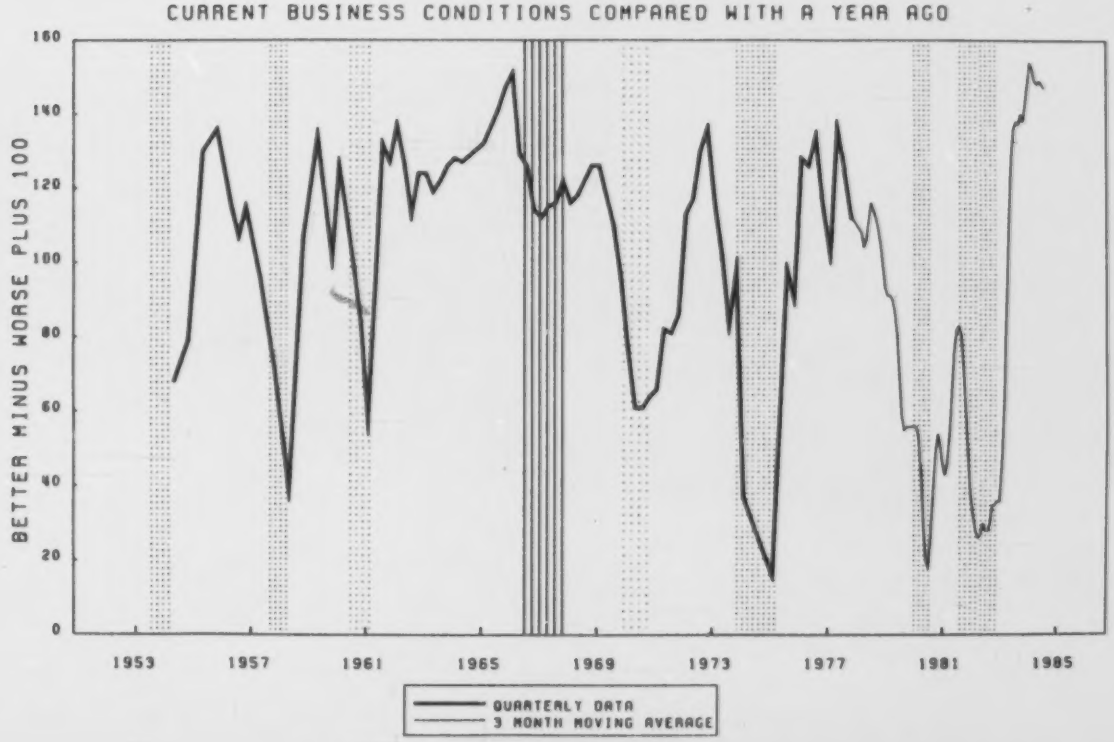


TABLE 14

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
BETTER NOW	66%	62%	66%	63%	71%	75%	72%	67%	68%	70%	67%	67%	68%
SAME	8	10	9	8	8	6	8	9	11	9	12	9	11
WORSE NOW	25	27	23	27	20	17	19	23	19	20	19	22	20
DK,NA	1	1	2	2	1	2	1	1	2	1	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 15 - RECENT CHANGES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

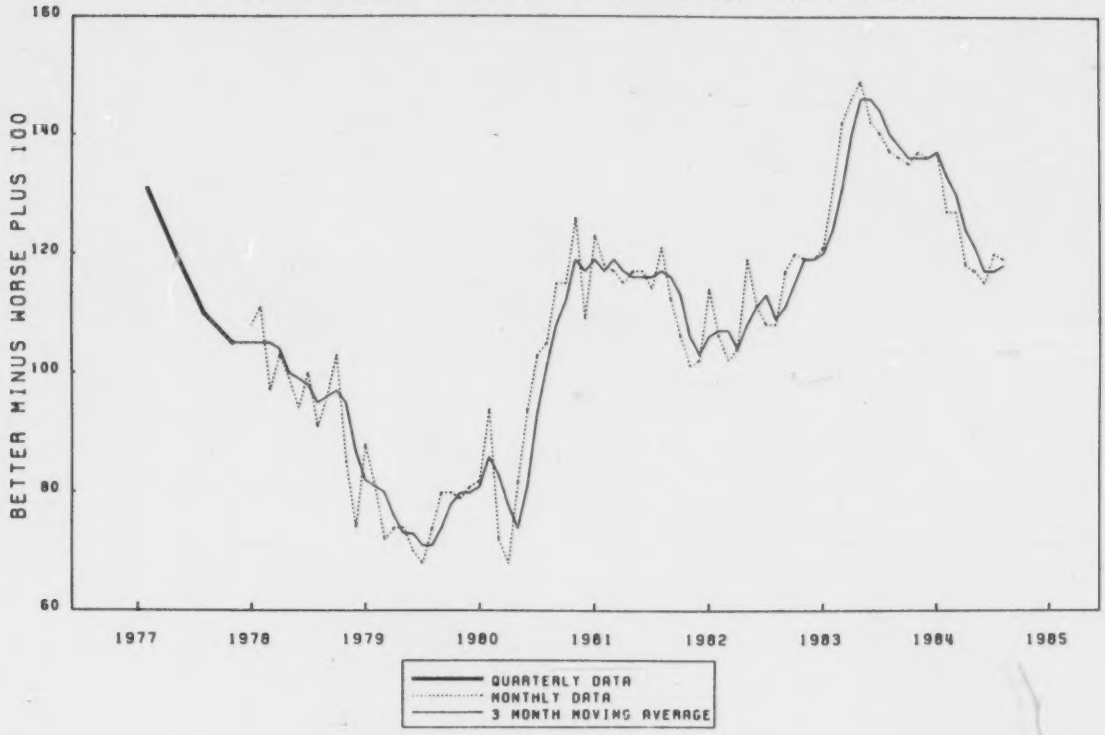


CHART 15 - HISTORICAL SERIES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

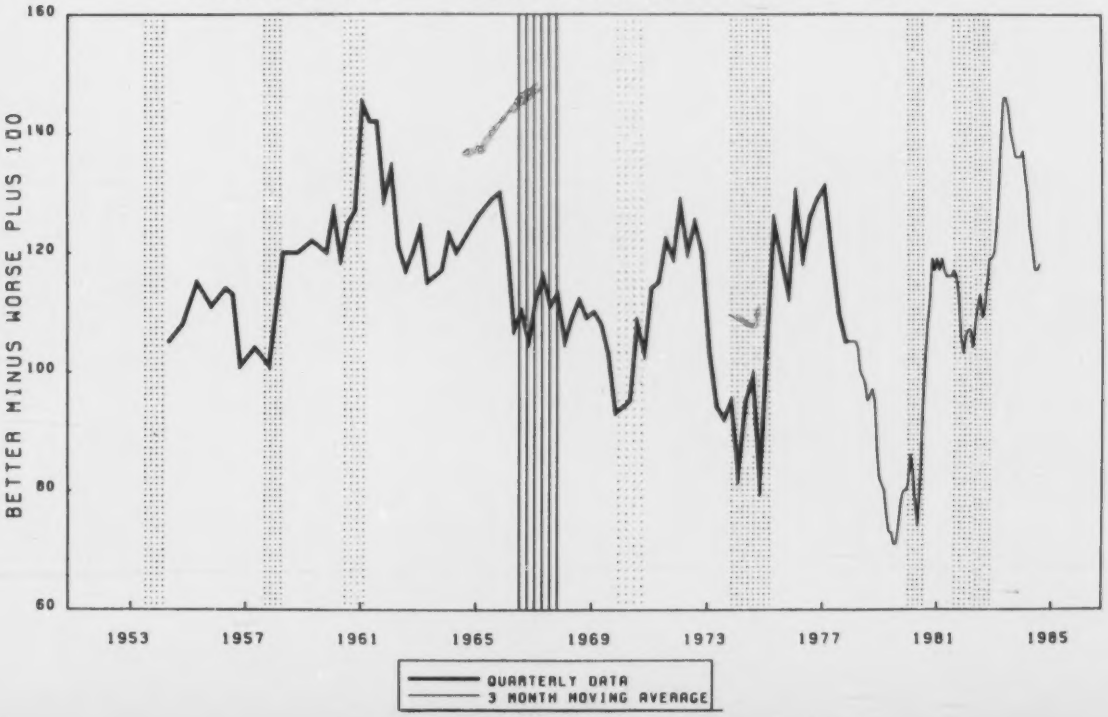


TABLE 15

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
BETTER	47%	46%	46%	46%	44%	46%	38%	38%	32%	31%	30%	32%	33%
SAME	42	42	41	43	45	43	48	49	52	53	53	51	49
WORSE	10	10	11	9	8	9	11	11	14	14	15	12	14
DK,NA	1	2	2	2	3	2	3	2	2	2	2	5	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 16A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUSINESS CONDITIONS IN A YEAR

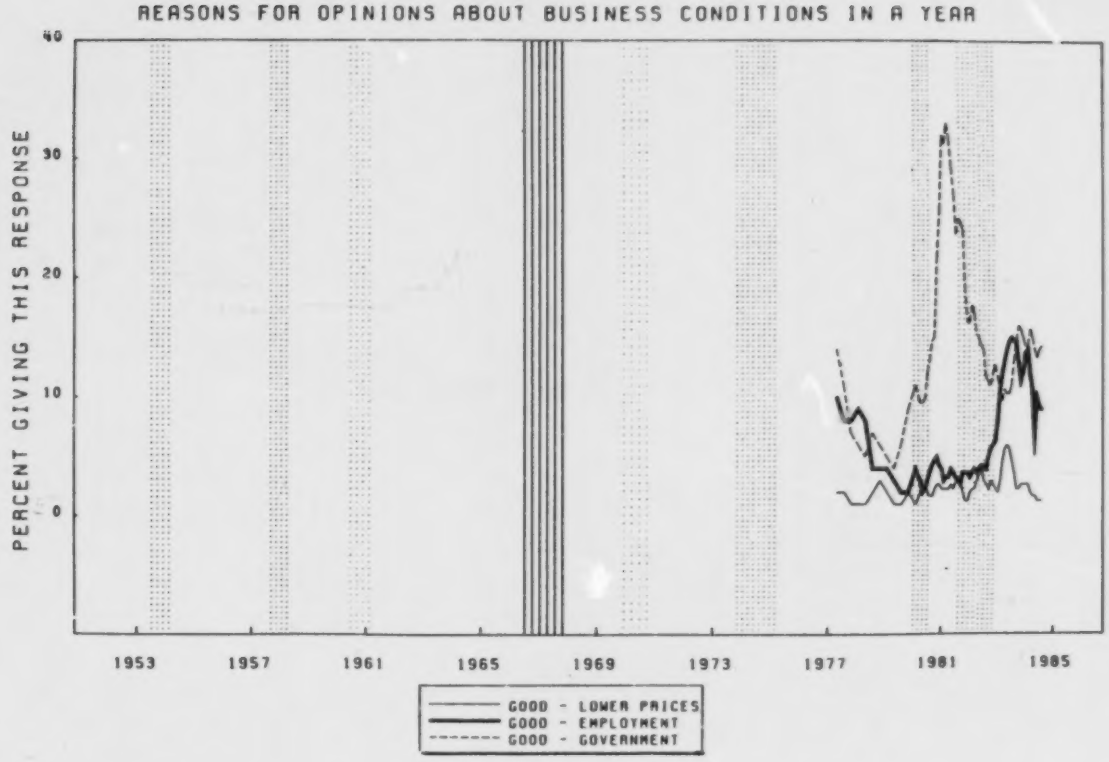


CHART 16B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUSINESS CONDITIONS IN A YEAR

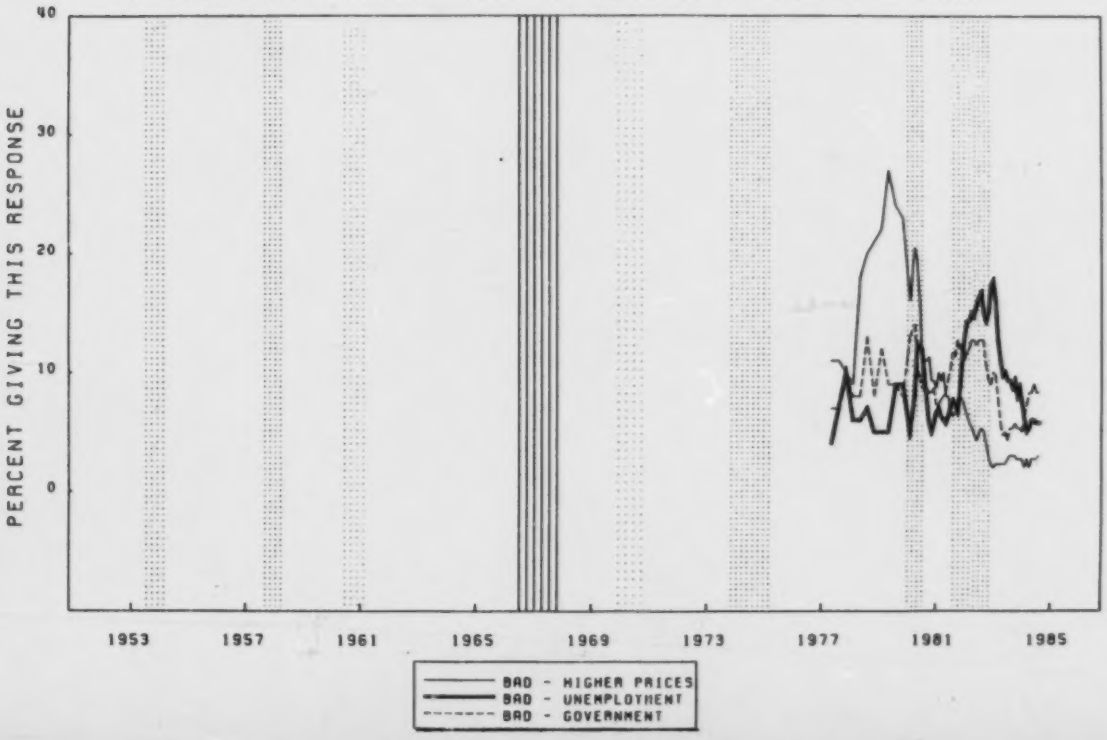


TABLE 16

REASONS FOR OPINIONS ABOUT CHANGES IN BUSINESS CONDITIONS IN A YEAR +

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
FAVORABLE REASONS:													
Government; elections	16%	15%	17%	15%	13%	15%	15%	17%	13%	12%	15%	15%	13%
Employment	15	14	10	10	16	15	11	10	11	9	10	9	8
Higher consumer demand	6	7	8	8	8	8	5	4	4	5	4	5	5
Lower prices	2	2	3	2	3	3	1	2	1	2	1	1	2
Easier credit	6	5	6	4	4	3	4	2	2	2	2	4	4
UNFAVORABLE REASONS:													
Government; elections	6	6	5	5	6	4	9	9	7	9	11	5	9
Unemployment	9	9	10	8	8	6	4	5	7	6	5	6	6
Lower consumer demand	3	1	3	2	2	2	1	1	2	2	2	2	3
Higher prices	4	2	3	3	2	3	1	3	2	3	2	3	4
Tighter credit	3	2	2	2	1	2	4	2	7	7	8	7	5
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The question was: "Why do you expect business conditions to be better/the same/worse a year from now?" following the question on table 15.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 17 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

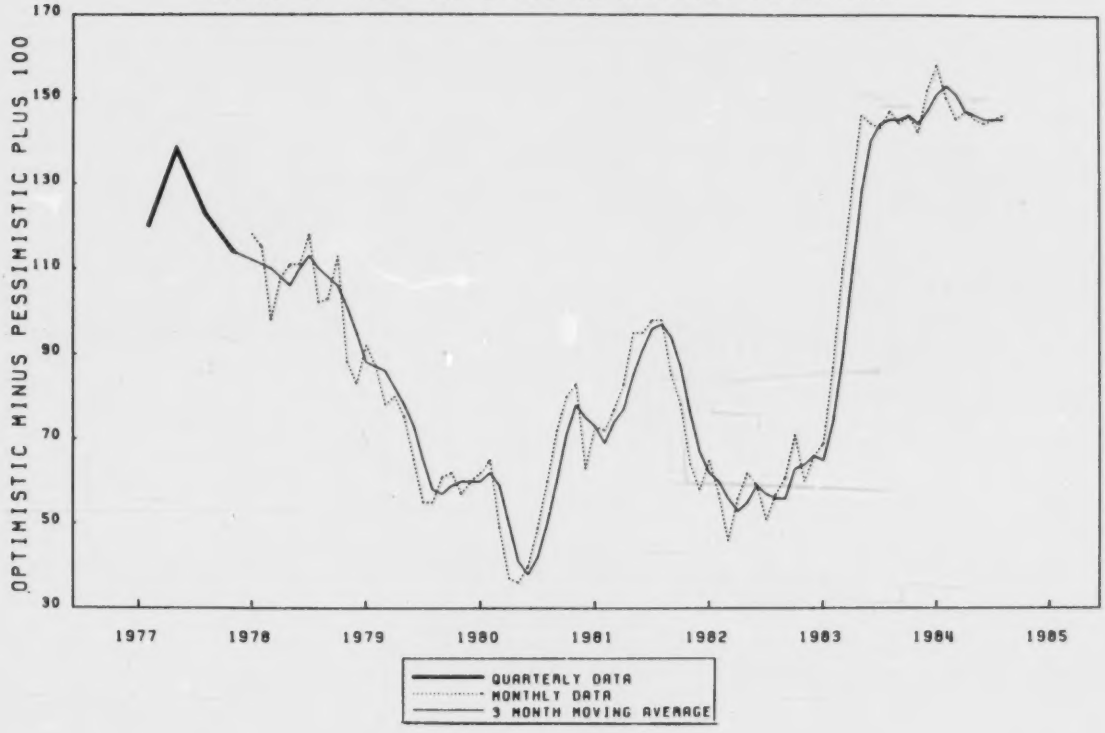


CHART 17 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

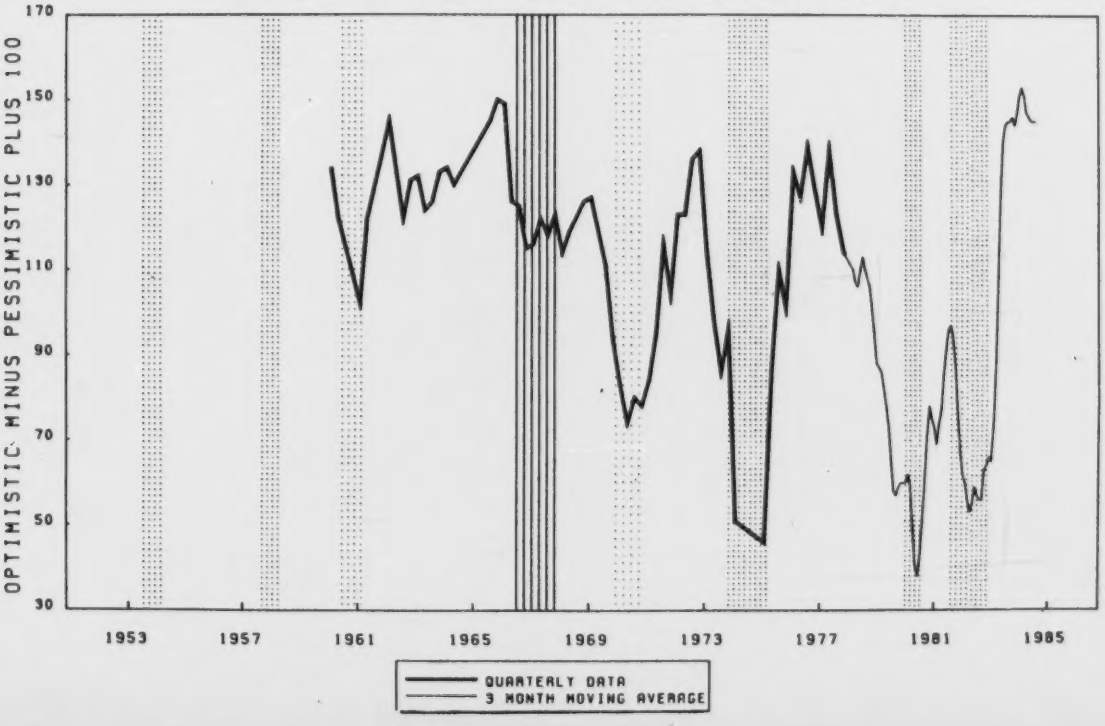


TABLE 17

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
TREND:													
Continuous increase (a)	38%	34%	39%	36%	38%	41%	32%	31%	25%	27%	25%	25%	25%
Intermittent increase (b)	27	28	26	27	30	31	34	32	39	36	37	38	36
Remain unchanged (c)	6	7	5	4	6	4	5	6	7	7	7	4	6
Intermittent decline (d)	12	12	13	17	12	10	12	14	10	13	11	12	10
Continuous decline (e)	6	6	6	4	4	4	4	4	7	5	7	6	5
Mixed change (f)	9	10	7	9	7	7	10	10	9	10	9	9	12
DK,NA	2	3	4	3	3	3	3	3	3	2	4	6	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

Combination of the responses to the questions on Tables 14 and 15.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 18 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

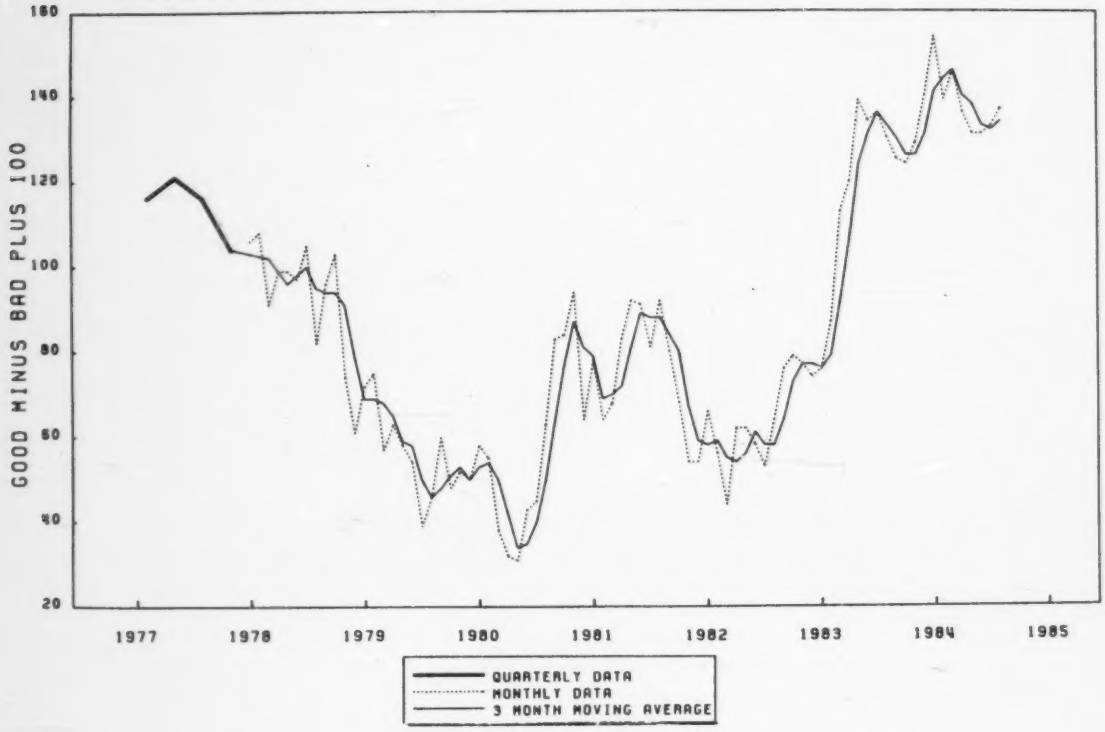


CHART 18 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

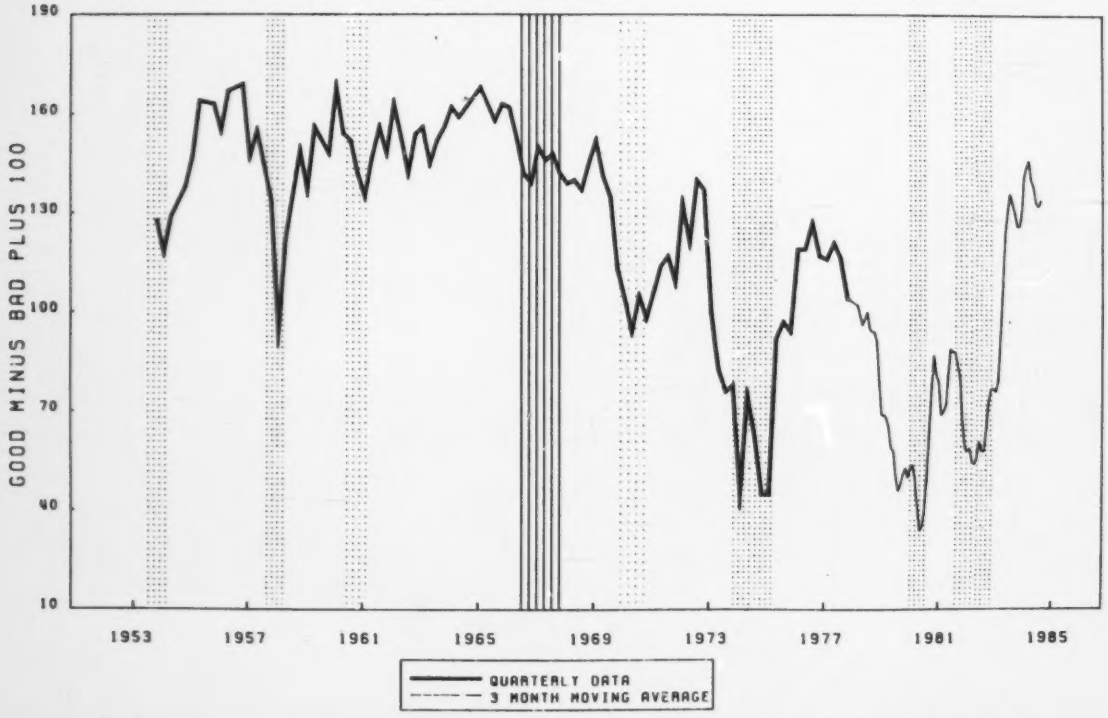


TABLE 18

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
GOOD TIMES	60%	58%	58%	59%	67%	73%	65%	69%	63%	60%	60%	61%	62%
UNCERTAIN; GOOD & BAD	3	2	3	3	2	2	2	2	3	3	2	2	3
BAD TIMES	30	33	34	30	27	19	26	23	27	29	29	28	25
DON'T KNOW	5	5	4	6	3	5	5	4	5	5	6	6	7
NOT ASCERTAINED	2	2	1	2	1	1	2	2	2	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 19 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

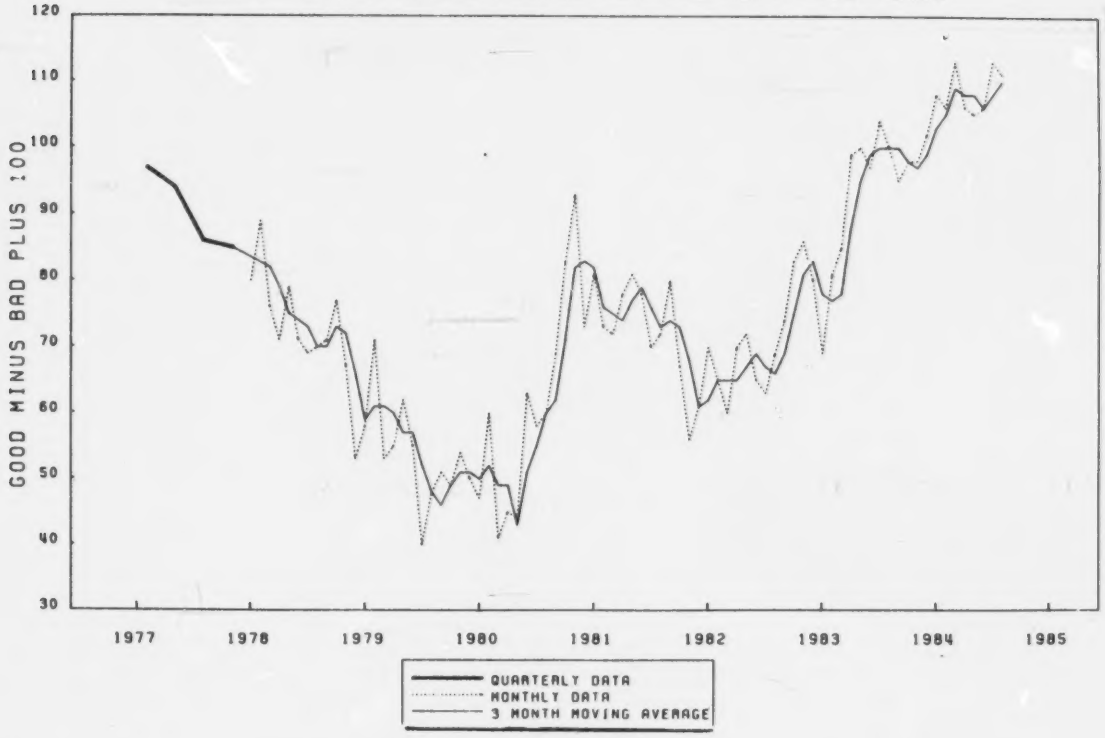


CHART 19 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

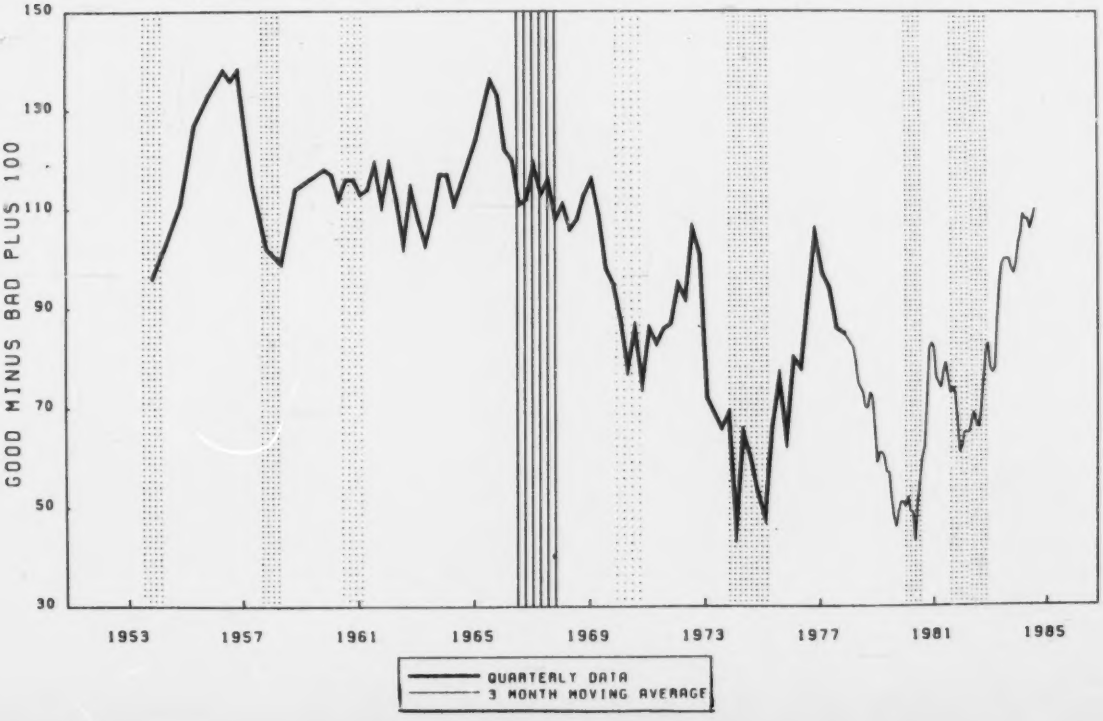


TABLE 19

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
GOOD TIMES	37%	37%	39%	39%	39%	44%	42%	47%	41%	43%	42%	44%	47%
UNCERTAIN; GOOD & BAD	22	19	17	15	21	17	16	15	19	15	17	19	13
BAD TIMES	37	42	41	41	37	36	36	34	35	38	36	31	36
NOT ASCERTAINED	4	2	3	5	3	3	6	4	5	4	5	6	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 20 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

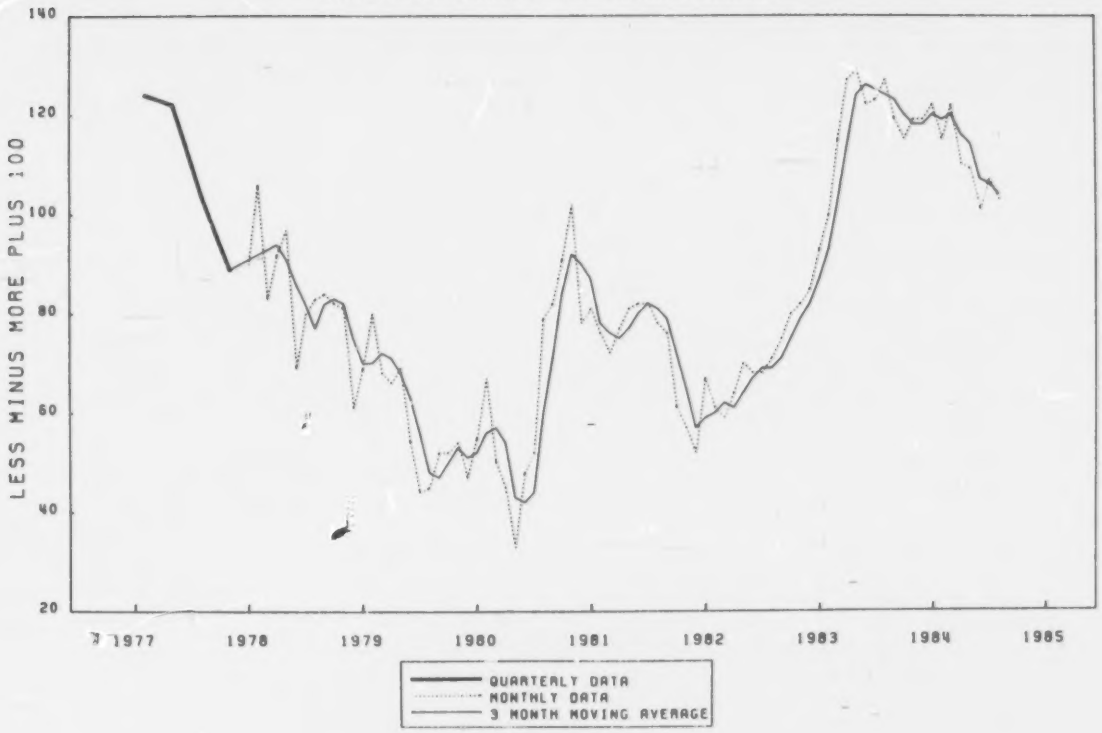


CHART 20 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

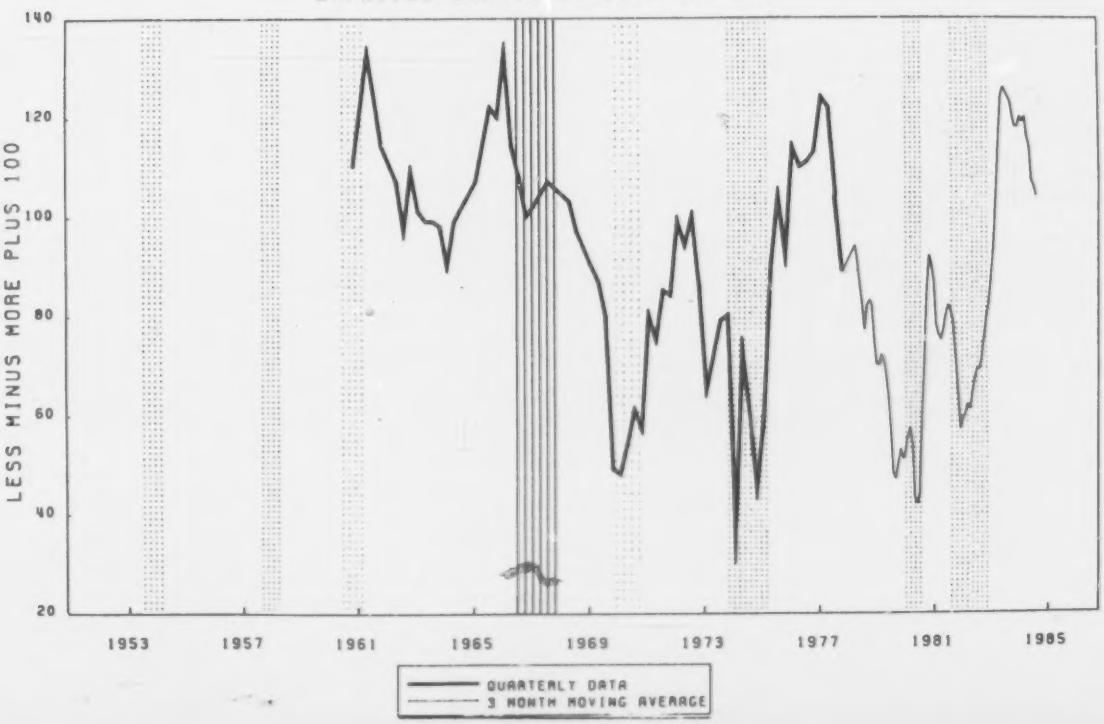


TABLE 20

EXPECTED CHANGE IN UNEMPLOYMENT

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
LESS	42%	36%	35%	35%	36%	36%	31%	38%	28%	29%	24%	26%	24%
SAME	40	46	44	47	45	48	50	45	52	51	52	53	54
MORE	15	17	20	16	17	14	16	16	18	20	23	19	21
DK,NA	3	1	1	2	2	2	3	1	2	*	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

* : Less than half of one percent.

CHART 21 - RECENT CHANGES

EXPECTED CHANGE IN INTEREST RATES

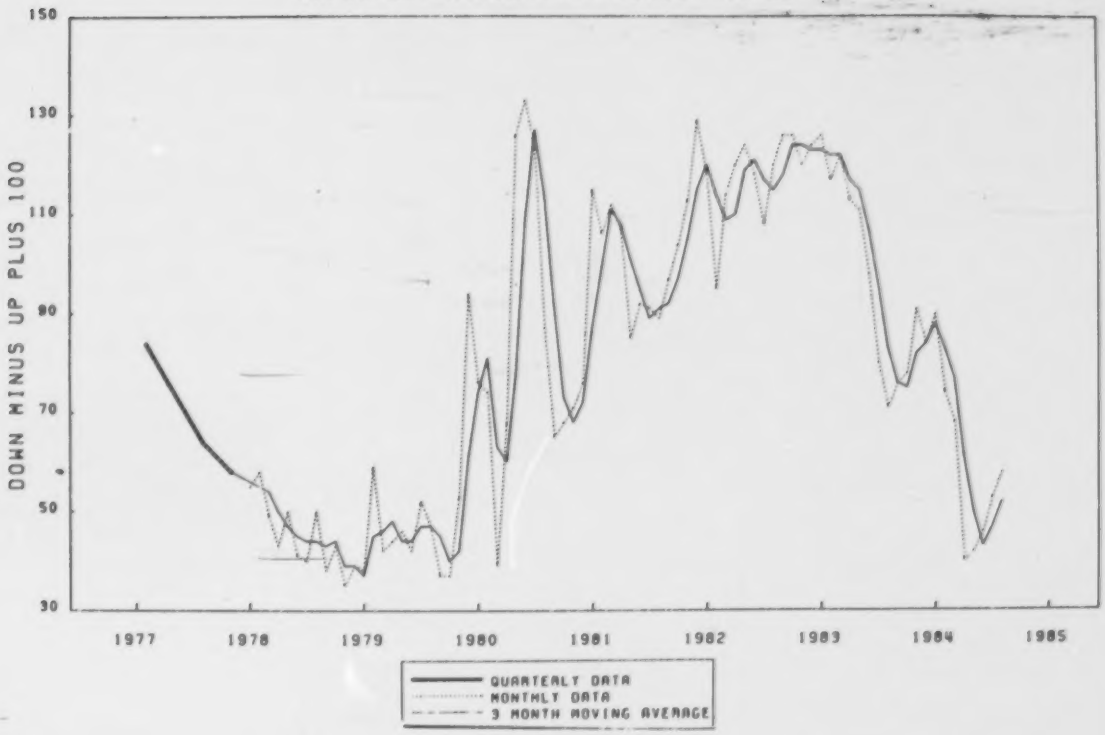


CHART 21 - HISTORICAL SERIES

EXPECTED CHANGE IN INTEREST RATES

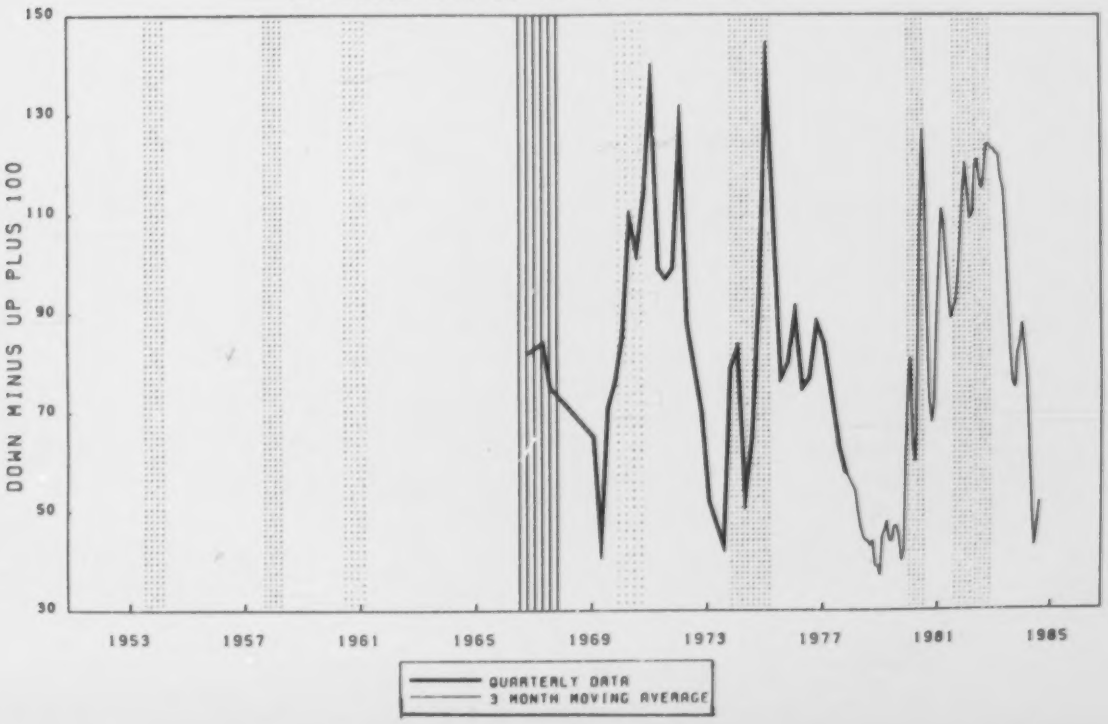


TABLE 21

EXPECTED CHANGE IN INTEREST RATES

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
GO UP	47%	44%	43%	33%	37%	32%	42%	45%	68%	66%	64%	58%	55%
STAY THE SAME	32	33	33	40	37	43	38	37	21	25	24	27	29
GO DOWN	18	20	21	24	21	22	16	13	8	8	10	11	13
DK,NA	3	3	3	3	5	3	4	5	3	1	2	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 22 - RECENT CHANGES

CHANGE IN PRICES DURING THE LAST 12 MONTHS

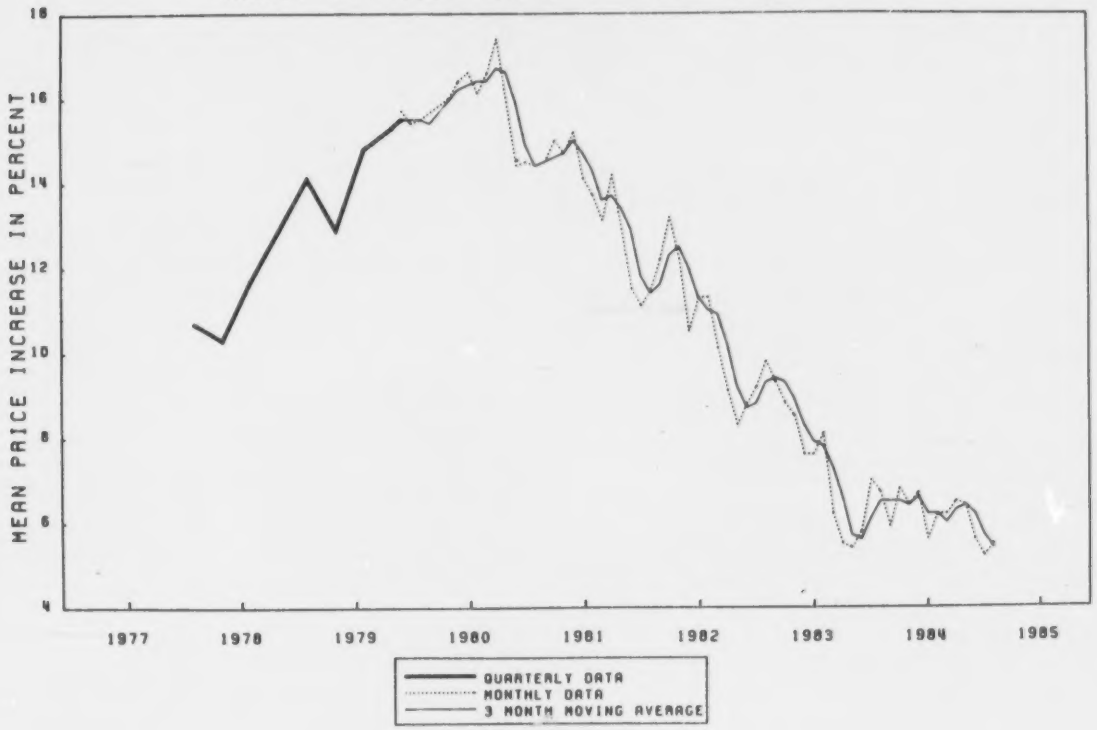


TABLE 22

CHANGE IN PRICES DURING THE LAST 12 MONTHS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
SAME OR DOWN	25%	25%	21%	24%	24%	23%	23%	23%	22%	23%	22%	27%	29%
GONE UP BY:													
1-2%	8	11	8	9	8	12	9	8	10	10	12	8	10
3-4%	14	13	14	13	15	16	14	16	14	14	17	17	12
5%	16	15	16	15	15	17	17	15	17	17	16	16	18
6-9%	8	7	11	8	8	8	9	10	11	9	8	8	8
10-14%	13	12	14	14	11	9	14	12	9	13	12	11	11
15% or more	11	9	11	9	10	7	9	9	12	10	8	8	7
DK how much up	5	7	4	7	8	7	5	7	5	4	5	4	5
DK,NA	*	1	1	1	1	1	*	*	*	*	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	6.7	5.9	6.8	6.4	6.7	5.6	6.2	6.2	6.5	6.4	5.6	5.2	5.5
VARIANCE	93	71	81	76	90	69	68	72	75	78	54	48	75
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The questions were: "During the last 12 months, have prices of the things you buy remained unchanged, or have they gone up, or have they gone down?" and "By about what percent do you think prices have gone up,on the average, during the last 12 months?"

* : Less than half of one percent.

CHART 23 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

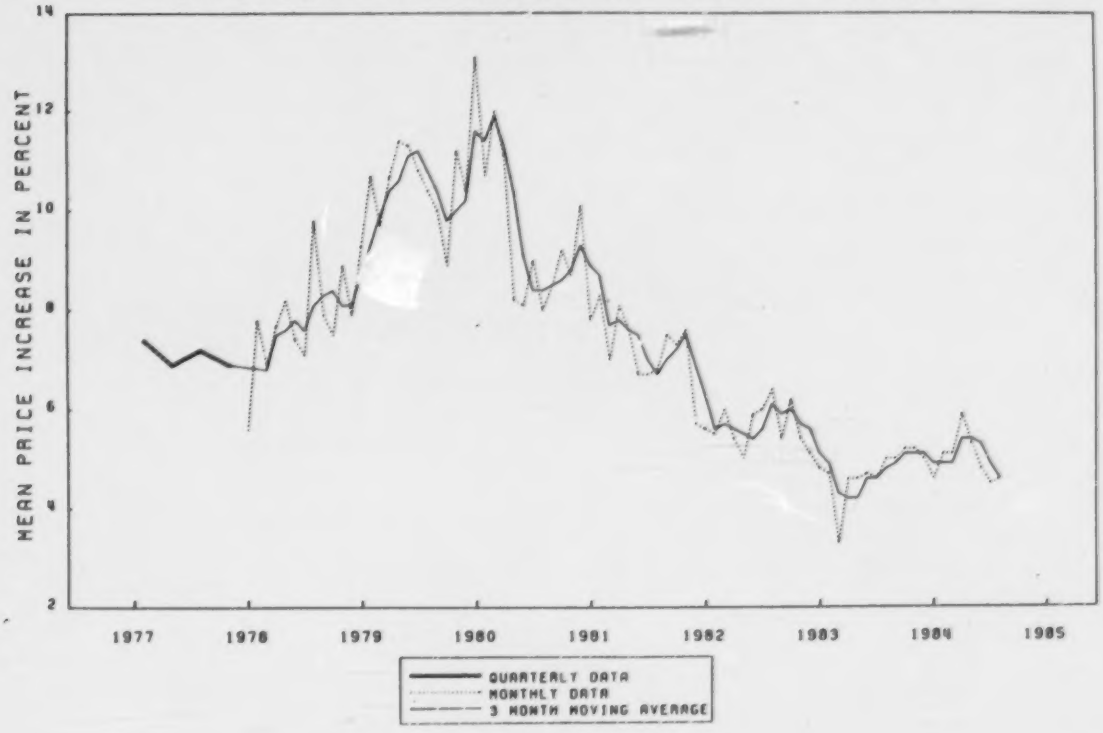


CHART 23 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

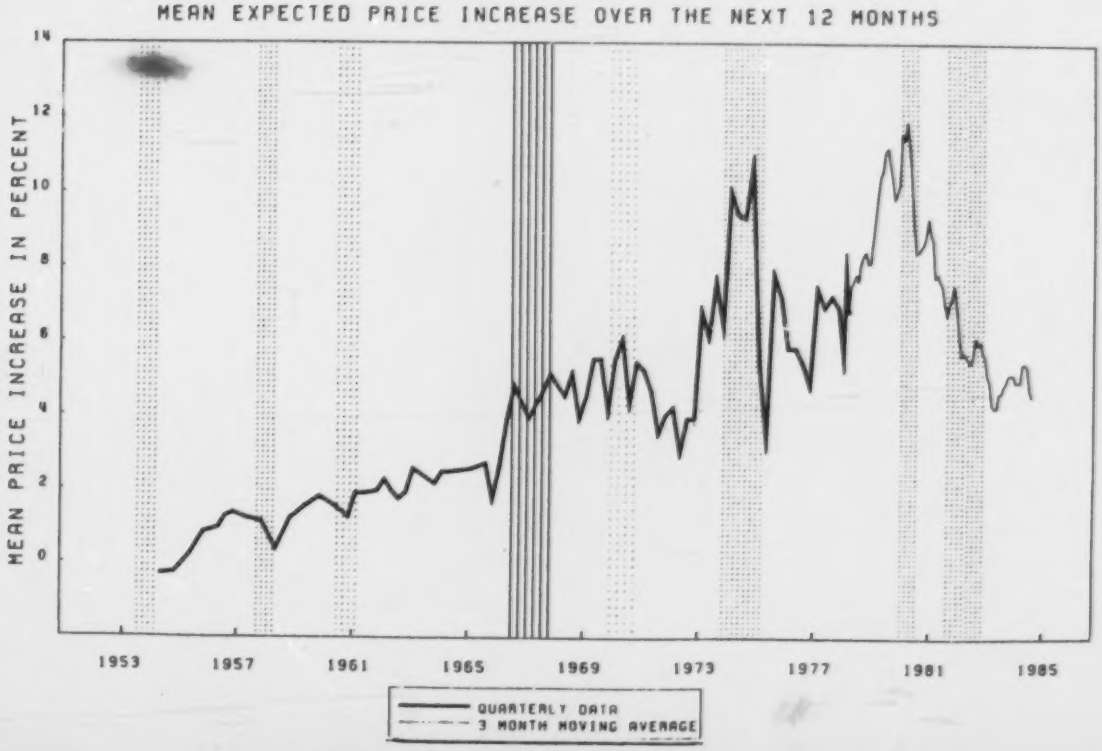


TABLE 23

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
SAME OR DOWN	23%	28%	24%	25%	23%	25%	23%	24%	19%	19%	19%	23%	24%
WILL GO UP BY:													
1-2%	14	13	12	12	12	13	14	14	13	15	14	13	18
3-4%	16	14	15	14	15	20	19	16	17	15	16	17	15
5%	16	16	15	16	17	13	19	15	15	20	18	20	18
6-9%	9	7	10	9	8	9	6	10	12	11	11	8	6
10-14%	9	10	11	11	11	10	8	11	11	9	13	8	8
15% or more	6	7	8	6	5	4	6	5	8	6	4	5	5
DK how much up	5	4	4	5	7	4	4	4	3	4	4	3	5
DK,NA	2	1	1	2	2	2	1	1	2	1	1	3	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	5.0	5.0	5.2	5.2	5.0	4.6	5.1	5.1	5.9	5.3	4.8	4.5	4.6
VARIANCE	47	51	36	54	44	40	51	55	57	49	27	33	46
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

CHART 24 - RECENT CHANGES
UNEMPLOYMENT OR INFLATION MORE SERIOUS

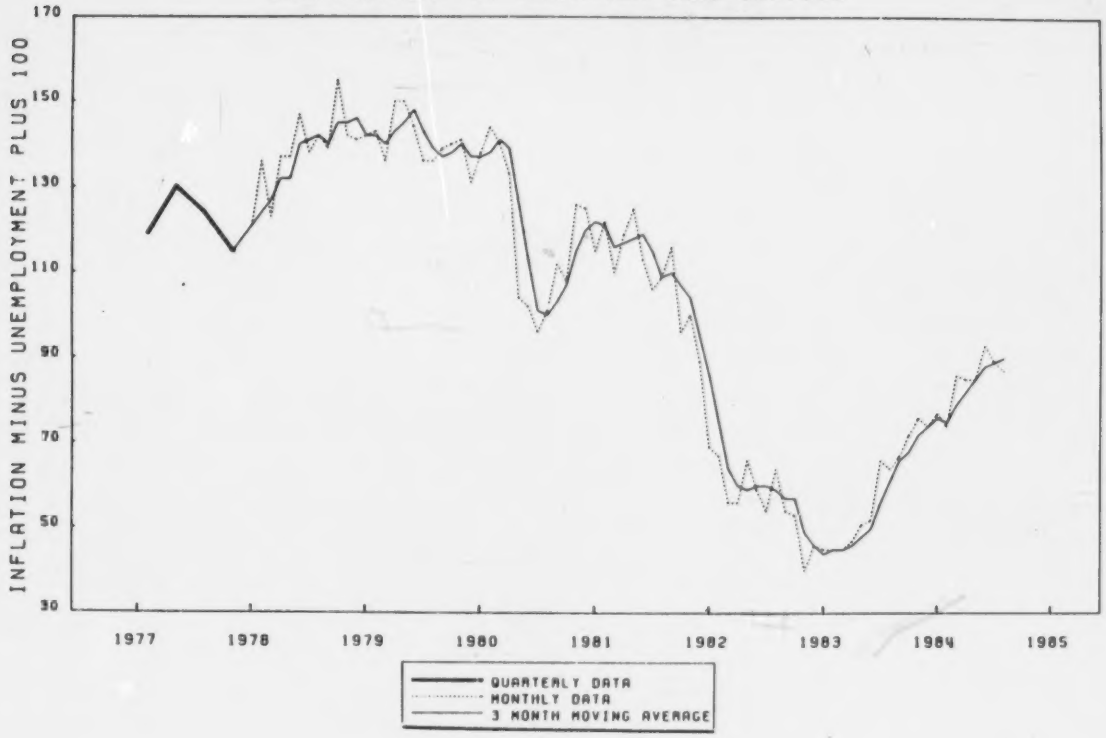


CHART 24 - HISTORICAL SERIES
UNEMPLOYMENT OR INFLATION MORE SERIOUS

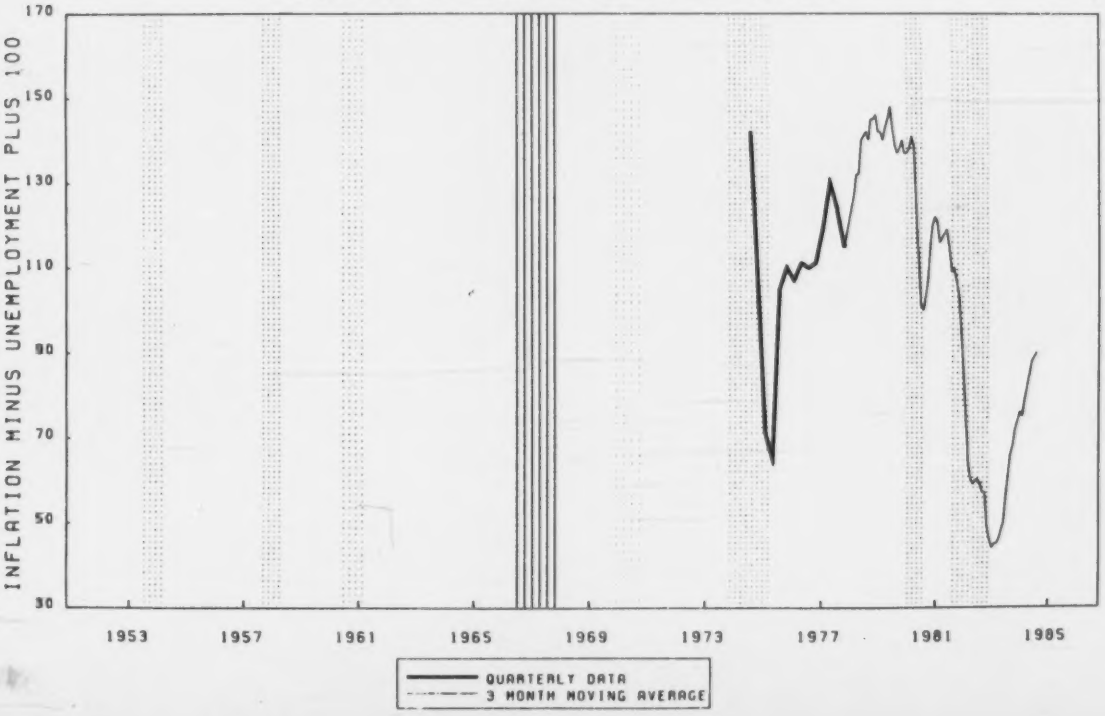


TABLE 24

UNEMPLOYMENT OR INFLATION MORE SERIOUS ECONOMIC HARDSHIP

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
UNEMPLOYMENT	65%	62%	61%	57%	59%	58%	59%	52%	53%	54%	51%	51%	52%
BOTH EQUALLY SERIOUS	5	8	5	7	6	4	5	7	7	6	3	7	6
INFLATION	29	29	33	33	33	35	33	38	38	39	44	40	39
DK,NA	1	1	1	3	2	3	3	3	2	1	2	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "Which of the two problems--unemployment or inflation--do you think will cause the more serious economic hardship for people during the next year or so?"

CHART 25 - RECENT CHANGES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

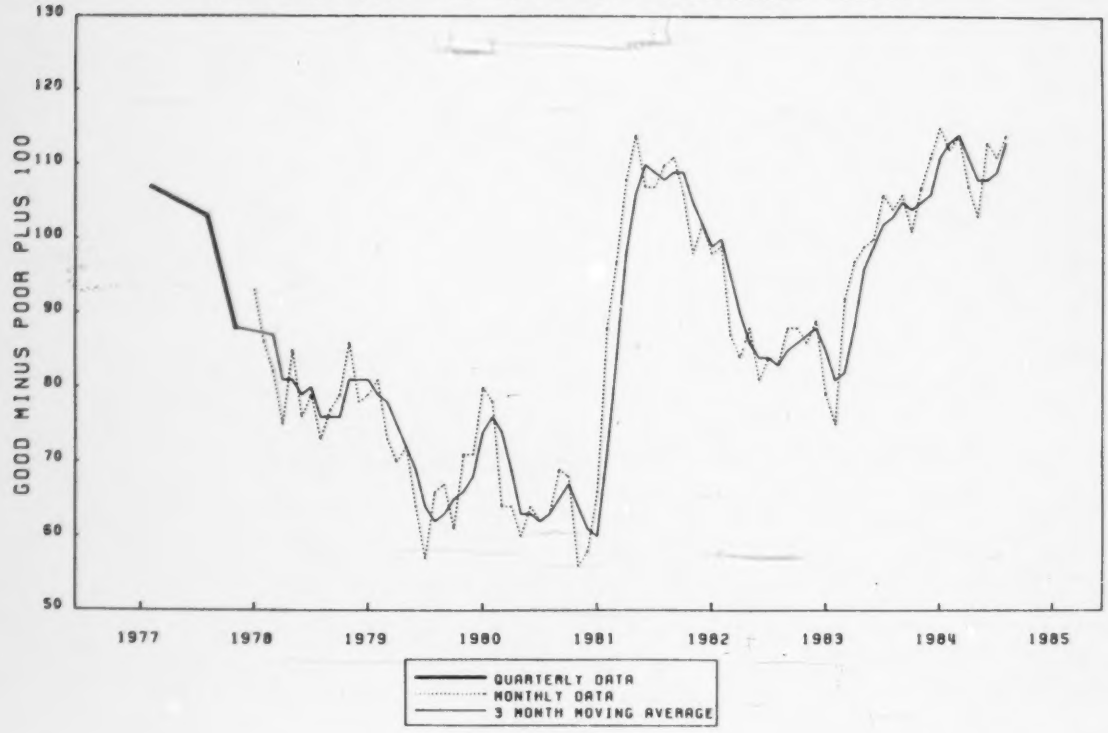


CHART 25 - HISTORICAL SERIES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

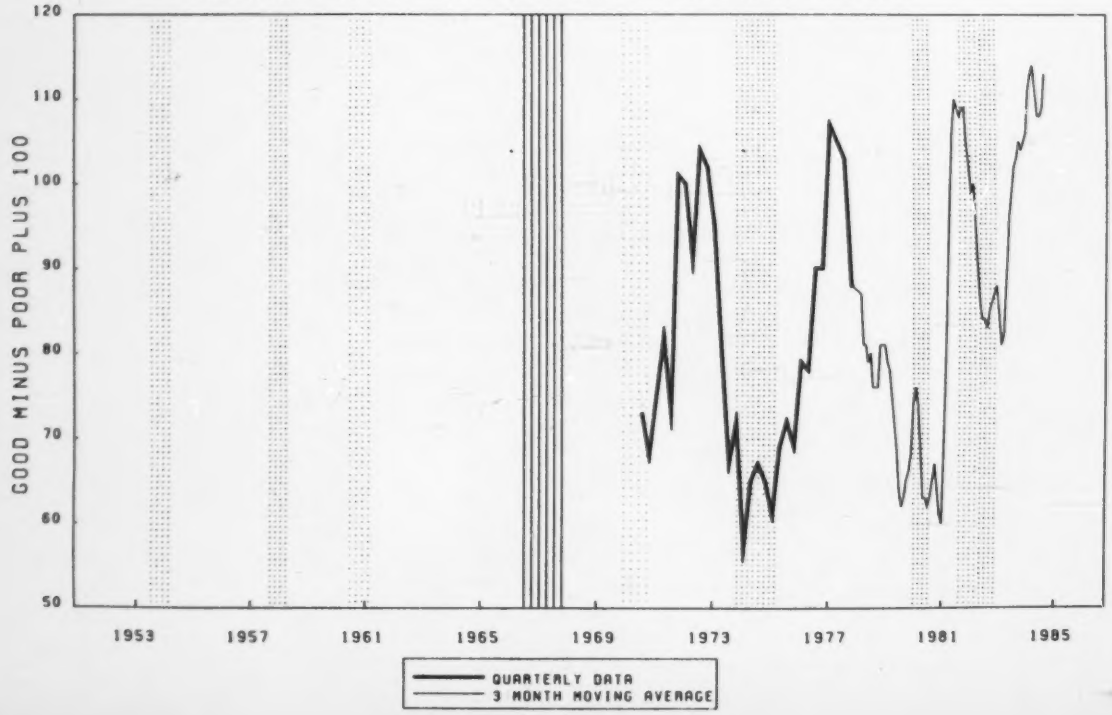


TABLE 25

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
A GOOD JOB	27%	27%	25%	27%	29%	31%	32%	33%	27%	25%	31%	30%	33%
ONLY FAIR	48	50	50	49	51	52	45	47	50	52	49	48	46
A POOR JOB	23	21	24	20	18	16	20	19	20	22	18	19	19
DK,NA	2	2	1	4	2	1	3	1	3	1	2	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 26 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

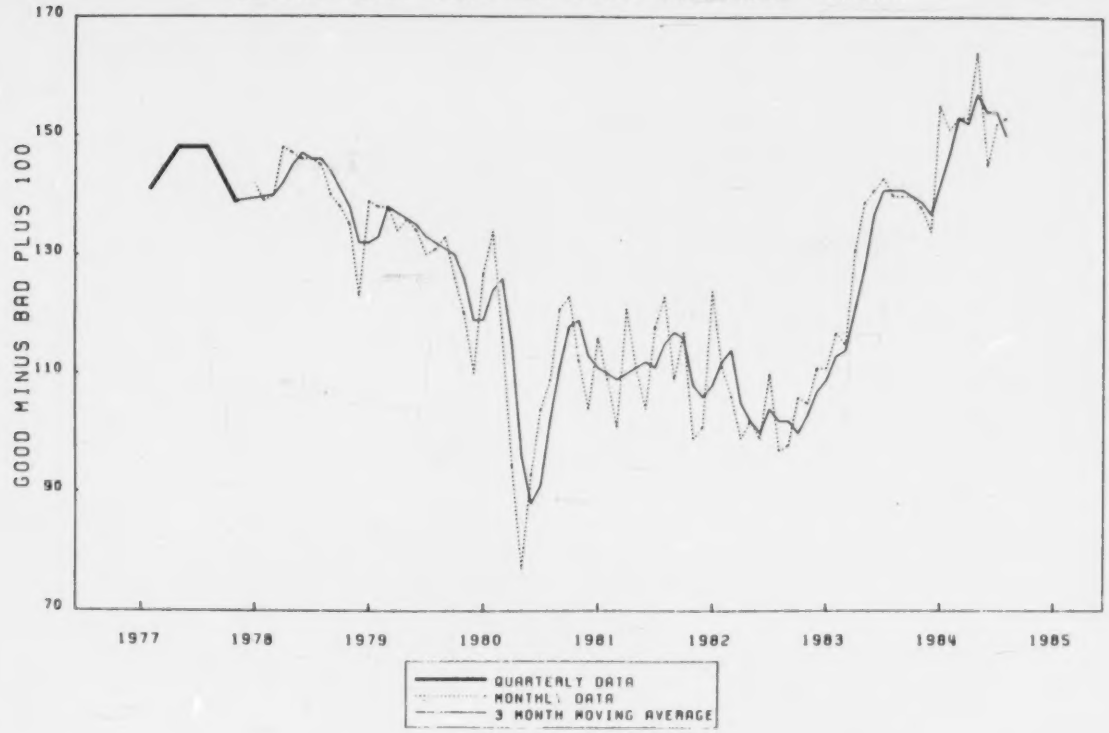


CHART 26 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

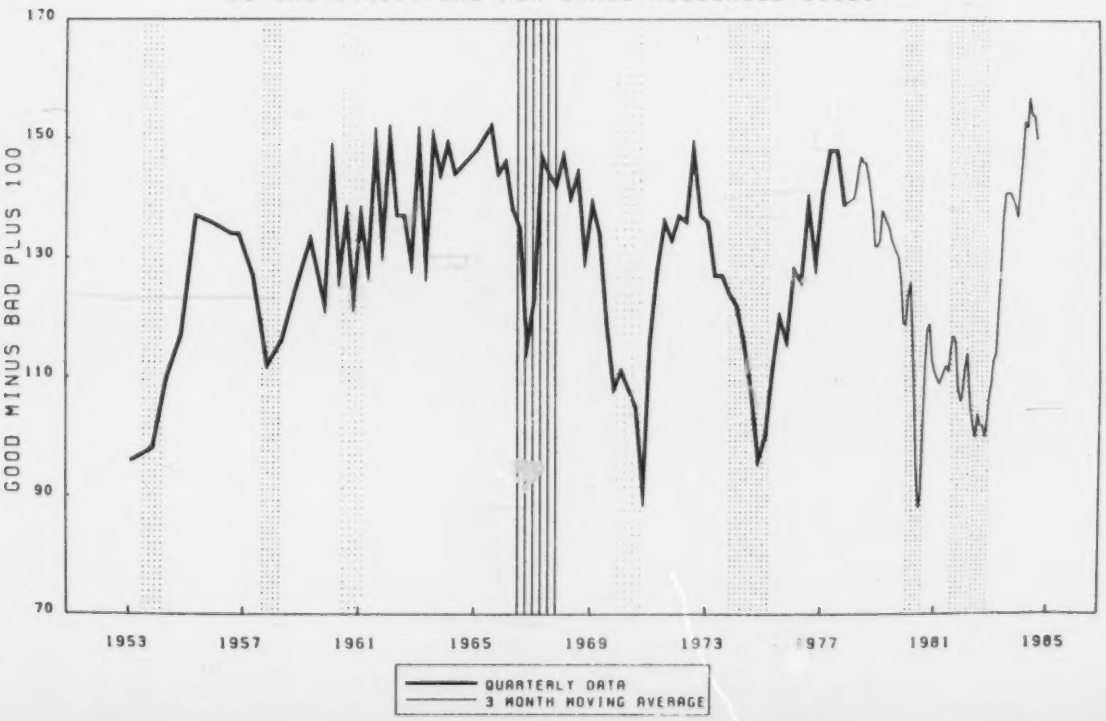


TABLE 26

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
GOOD TIME TO BUY	64%	66%	65%	64%	61%	73%	70%	72%	72%	77%	67%	71%	72%
UNCERTAIN, DEPENDS	12	8	10	10	12	9	11	9	9	10	11	10	9
BAD TIME TO BUY	24	26	25	26	27	18	19	19	19	13	22	19	19
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 27A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

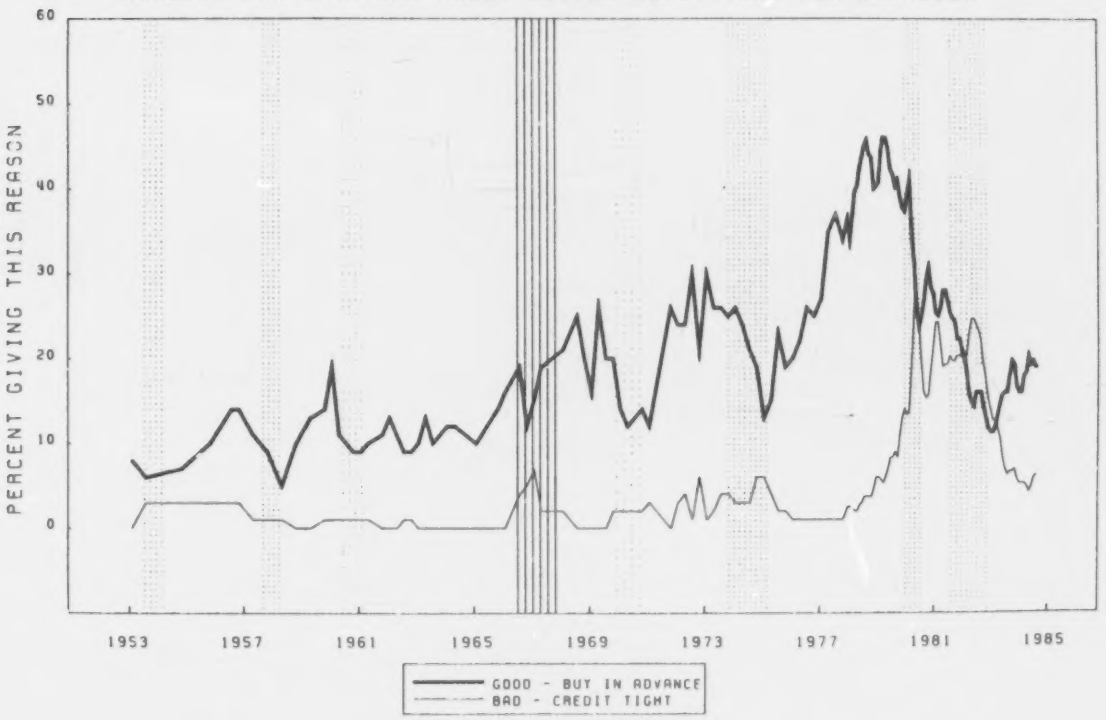


CHART 27B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

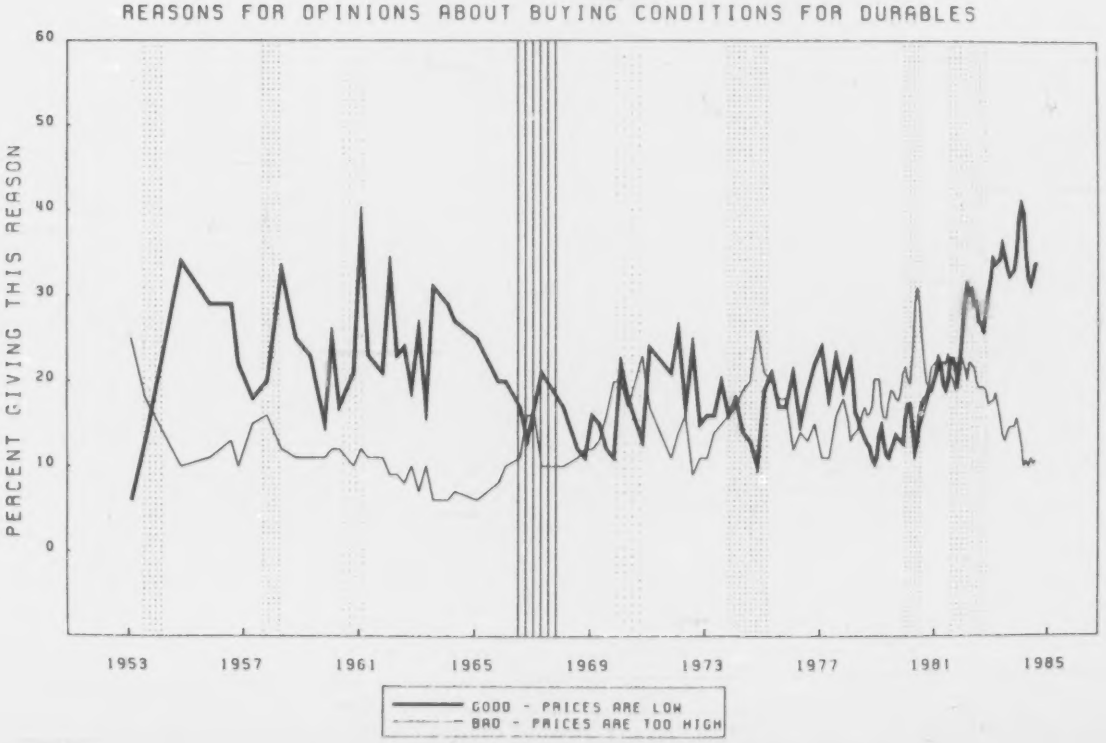


TABLE 27

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
GOOD TIME TO BUY:													
Prices are low; good buys available	33%	32%	33%	34%	38%	45%	39%	35%	30%	31%	33%	33%	35%
Prices won't come down; are going higher	17	21	21	16	13	19	16	19	20	22	16	21	20
Interest rates low; credit is easy	12	12	7	8	7	9	11	10	14	11	11	10	8
BAD TIME TO BUY:													
Prices are high	15	15	14	15	18	10	10	10	12	8	13	10	9
Interest rates are high; credit is tight	6	7	7	7	3	6	7	3	5	5	5	8	6
Lack of purchasing power	11	11	12	8	10	7	7	9	6	5	7	5	7

Responses to the query: "Why do you say so?" following the question on Table 26.

+ : May add to more than 100% due to multiple mentions.

CHART 28 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

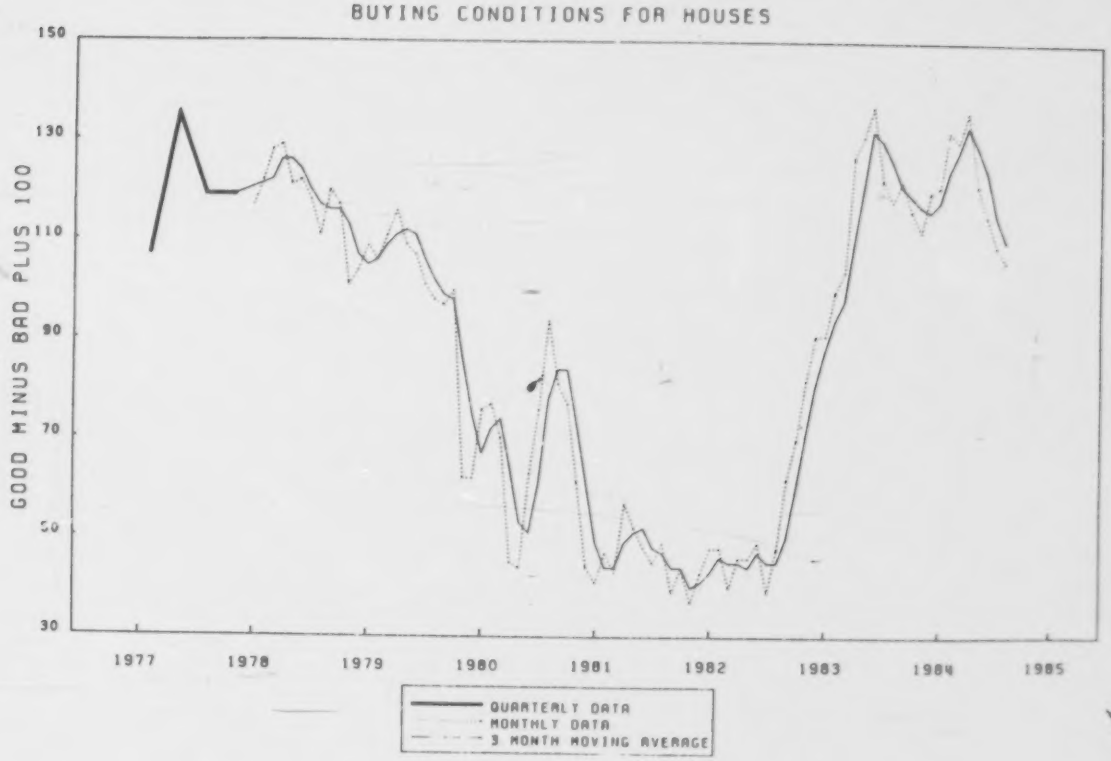


CHART 28 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

TABLE 28

BUYING CONDITIONS FOR HOUSES

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
GOOD TIME TO BUY	57%	59%	55%	53%	57%	59%	63%	62%	66%	58%	55%	52%	50%
UNCERTAIN, DEPENDS	4	4	6	6	6	3	6	6	4	5	5	5	6
BAD TIME TO BUY	39	37	39	41	37	38	31	32	30	37	40	43	44
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 29A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

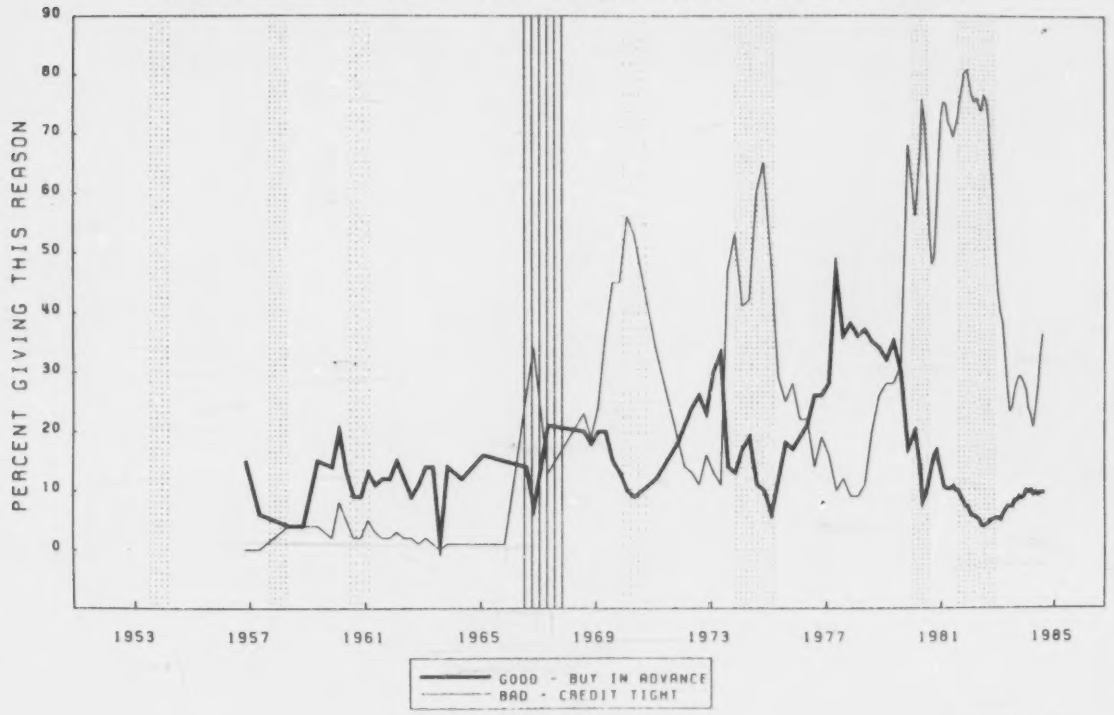


CHART 29B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

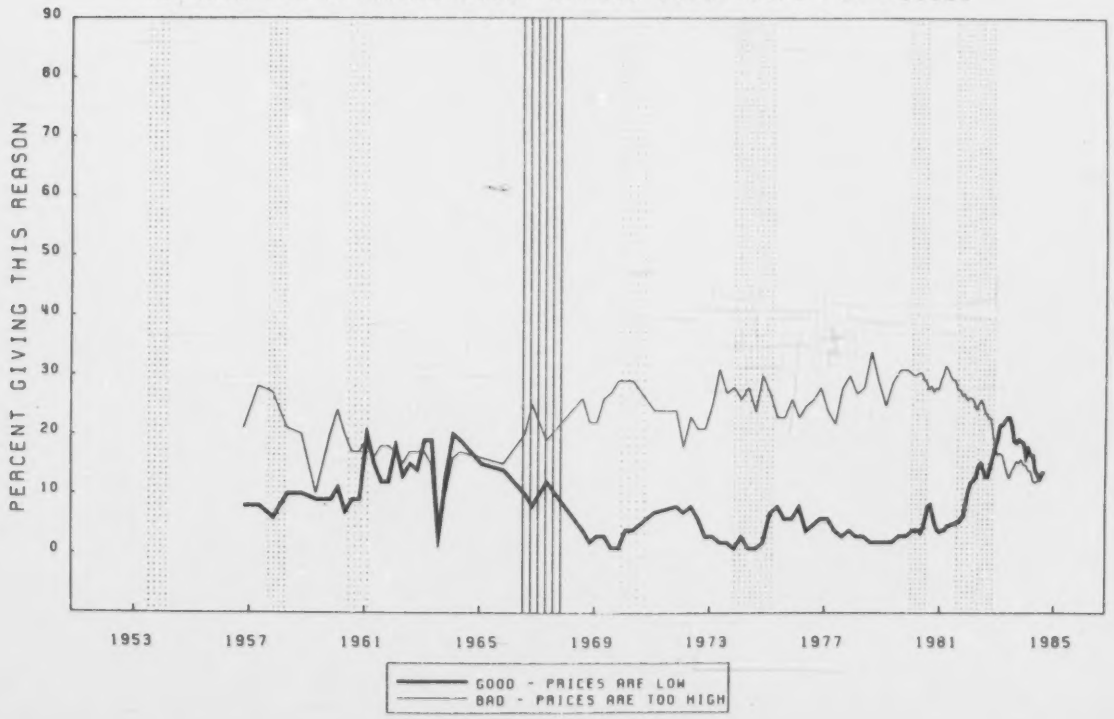


TABLE 29

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
GOOD TIME TO BUY:													
Prices are low; good buys available	17%	19%	22%	16%	18%	15%	20%	15%	15%	12%	13%	13%	15%
Prices won't come down; are going higher	10	8	9	9	9	12	8	10	10	9	9	11	9
Interest rates low; credit is easy	44	47	38	40	41	41	50	49	52	44	38	37	35
Good investment	8	6	8	5	6	8	6	8	6	5	8	5	4
BAD TIME TO BUY:													
Prices are high	14	16	16	16	13	16	13	13	11	12	14	12	16
Interest rates are high; credit is tight	31	28	29	30	25	26	20	22	20	29	33	36	40
Lack of purchasing power	14	14	15	16	13	12	10	11	10	12	10	11	11

Responses to the query: "Why do you say so?" following the question on Table 28.

+ : May add to more than 100% due to multiple mentions.

CHART 30 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

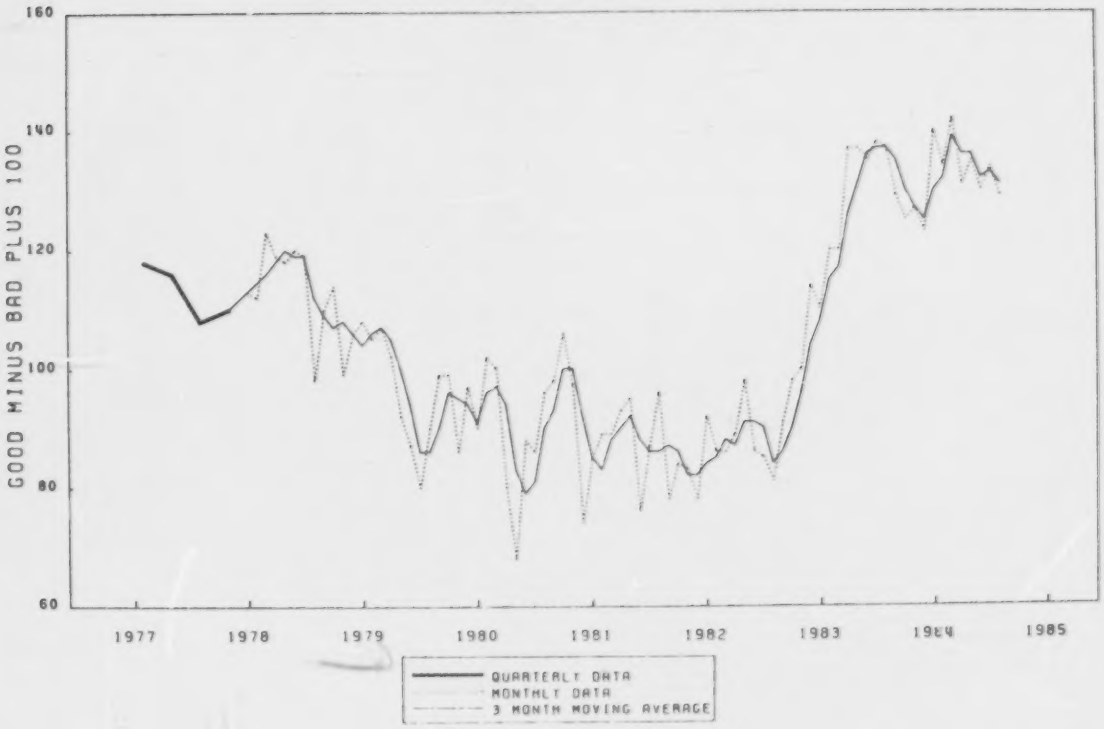


CHART 30 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

TABLE 30

BUYING CONDITIONS FOR CARS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
GOOD TIME TO BUY	65%	61%	59%	59%	56%	64%	62%	66%	60%	63%	60%	62%	59%
UNCERTAIN; DEPENDS	7	7	7	9	11	12	10	10	11	9	10	10	11
BAD TIME TO BUY	28	32	34	32	33	24	28	24	29	28	30	28	30
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 31A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

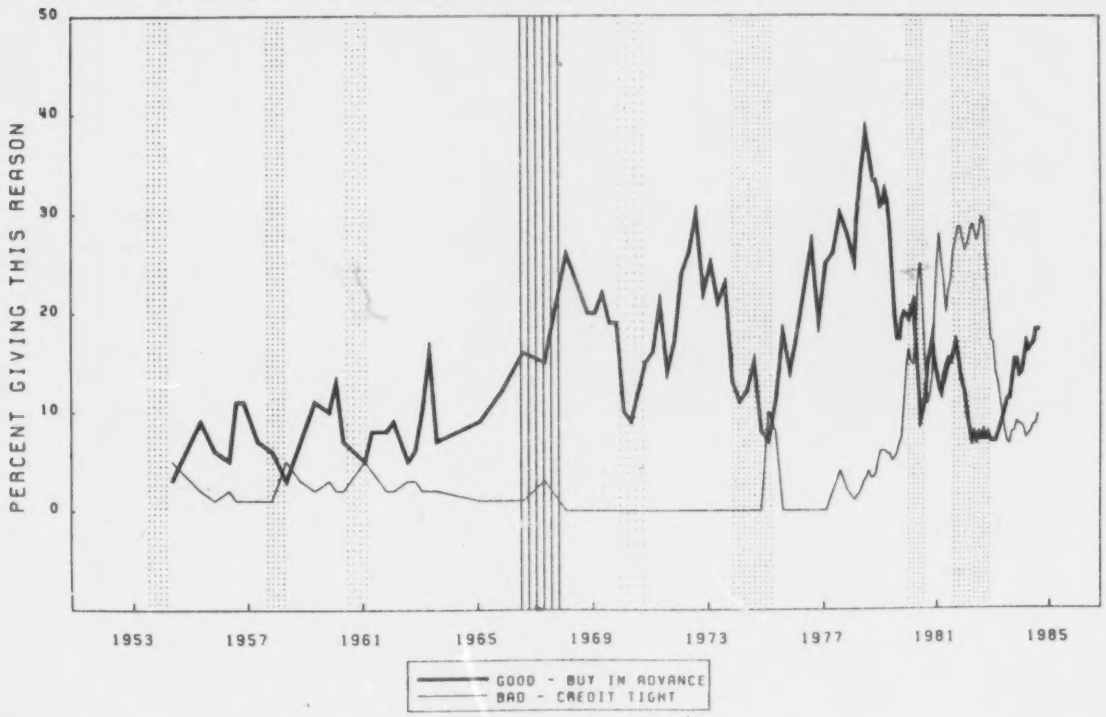


CHART 31B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

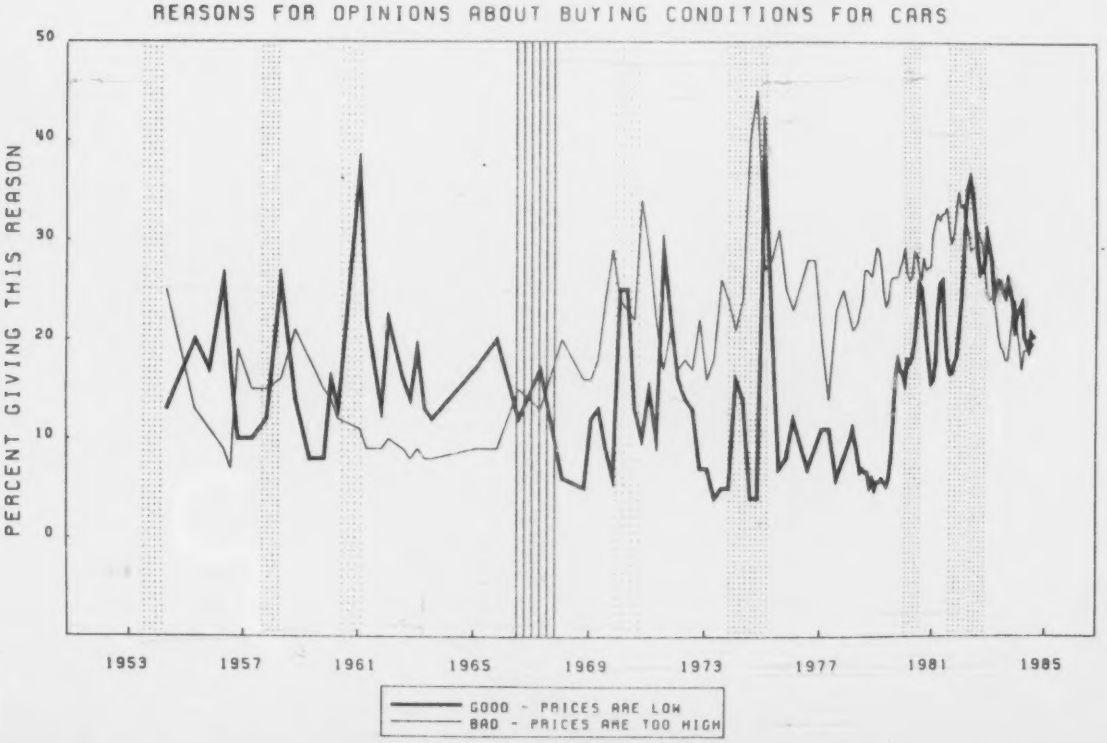


TABLE 31

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
GOOD TIME TO BUY:													
Prices are low; good buys available	25%	28%	22%	21%	21%	26%	22%	23%	16%	20%	21%	21%	19%
Prices won't come down; are going higher	12	17	17	12	12	18	16	17	16	17	18	20	17
Interest rates low; credit is easy	33	28	19	22	19	23	22	22	22	18	18	24	17
New fuel efficient models	1	2	2	2	2	1	2	1	1	3	1	1	2
BAD TIME TO BUY:													
Prices are high	16	20	25	23	24	16	18	17	22	18	20	20	19
Interest rates are high; credit is tight	6	10	8	9	9	8	8	6	9	9	8	9	12
Lack of purchasing power	9	6	8	6	5	3	5	5	4	5	4	4	5
Price of gas; shortages	1	*	*	*	*	*	*	1	*	*	*	*	1
Poor selection; quality	4	4	6	6	5	5	4	4	6	2	2	4	4

Responses to the query: "Why do you say so?" following the question on Table 30.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 32 - RECENT CHANGES

PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

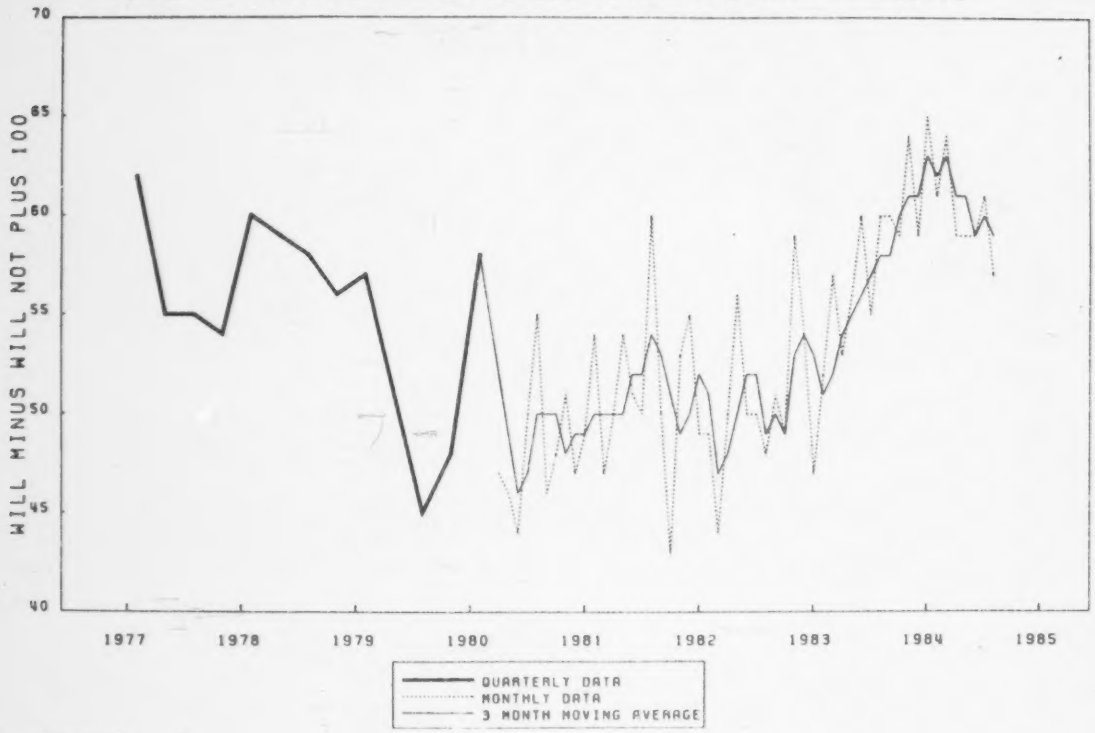


CHART 32 - HISTORICAL SERIES

PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

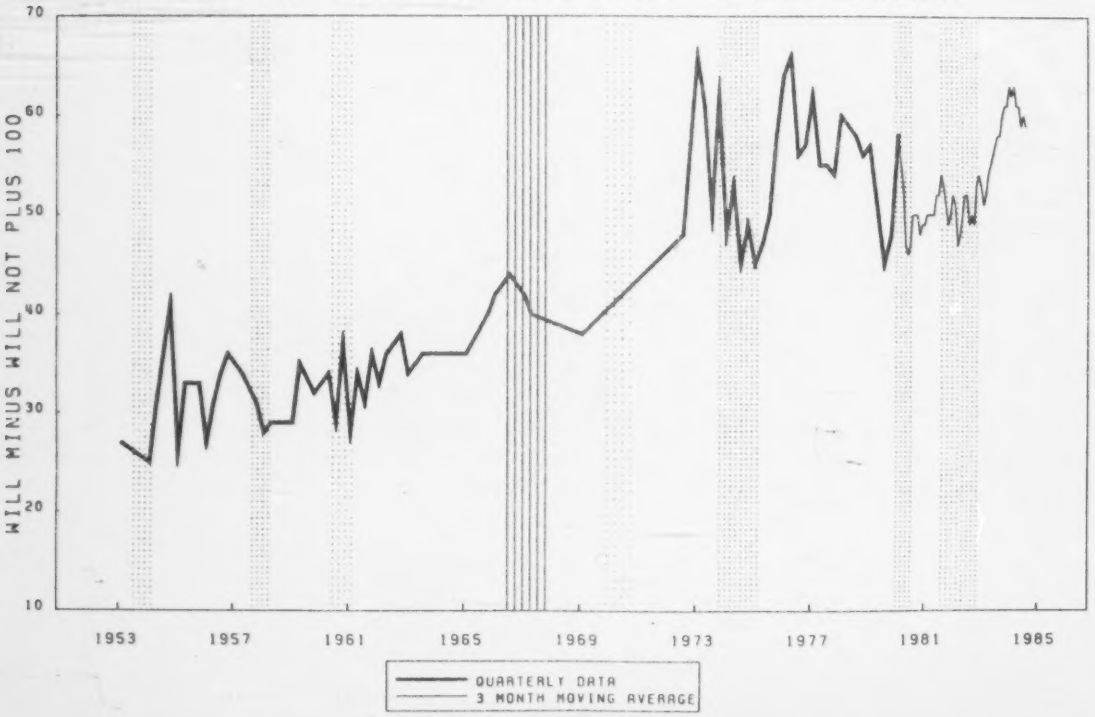


TABLE 32

PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
PROBABLY WILL BUY	21%	21%	21%	22%	20%	23%	21%	22%	21%	19%	20%	20%	21%
CHANCES ARE EVEN	7	9	8	9	8	7	9	12	6	12	9	9	7
PROBABLY WILL NOT BUY	61	61	62	58	61	58	60	58	62	60	61	59	64
DK,NA	11	9	9	11	11	12	10	8	11	9	10	12	8
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	673	704	689	701	701	681	687	700	705	690	680	656	693

The question was: "What do you think are the chances that you (or anyone else in your family living there) will buy or lease a car during the next 12 months--would you say you probably will, probably will not, or are the chances about even, or what?"

TABLE 33

CURRENT VEHICLE PURCHASE INTENTIONS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
PROPORTION WITH CURRENT PURCHASE INTENTIONS:	28%	30%	29%	31%	28%	30%	30%	34%	27%	31%	29%	29%	28%
PURCHASE TYPE:													
Buy new	15	13	17	17	16	15	14	16	13	15	16	15	15
Buy used	11	14	9	12	9	13	13	17	12	14	11	12	11
Lease	1	1	2	1	2	1	2	1	1	2	1	2	1
DK,NA	1	2	1	1	1	1	1	*	1	*	1	*	1
PURCHASE TIMING:													
Next 3 months	5	2	6	4	2	5	3	2	7	3	2	7	3
Next 4-6 months	4	7	8	5	4	10	7	10	6	9	8	6	5
Next 7-9 months	5	5	8	9	10	7	8	8	6	7	9	3	4
10 months or more	7	9	4	8	8	4	5	8	4	6	4	7	8
DK,NA	7	7	3	5	4	4	7	6	4	6	6	6	8

If response was "PROBABLY WILL BUY" or "CHANCES ARE EVEN" in Table 32, then the questions were: "If you do buy or lease a car, would it be a new car, or a used car?" , "Would you buy or lease?" and "When do you think you might buy or lease a car?"

* : Less than half of one percent.

TABLE 34

FUTURE VEHICLE PURCHASE INTENTIONS

	Aug. 1983	Sept 1983	Oct. 1983	Nov. 1983	Dec. 1983	Jan. 1984	Feb. 1984	Mar. 1984	Apr. 1984	May 1984	June 1984	July 1984	Aug. 1984
PROPORTION WITH FUTURE PURCHASE INTENTIONS:	61%	61%	62%	58%	61%	58%	60%	58%	62%	60%	61%	59%	64%
PURCHASE TYPE:													
Would buy new	33	33	33	36	36	36	32	32	34	33	36	35	33
Would buy used	27	27	29	21	24	21	26	25	27	26	24	22	29
DK,NA	1	1	*	1	1	1	2	1	1	1	1	2	2
PURCHASE TIMING:													
Less than 2 years	6	8	6	5	7	5	8	7	10	5	7	5	5
2 years	21	22	20	19	23	19	20	19	20	22	21	18	25
3 years	9	10	11	10	9	10	9	9	9	9	8	10	8
4 years or more	18	15	19	18	1.	17	17	16	17	18	17	18	15
Indefinite	2	2	*	1	1	2	3	3	1	2	2	3	3
DK,NA	5	4	6	5	4	5	3	4	5	4	6	5	5

If response was "PROBABLY WILL NOT BUY" in Table 32, then the questions were: "If you were to buy a car, would it be a new car or a used car? and "How long do you think it may be before will buy or lease a car?"

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

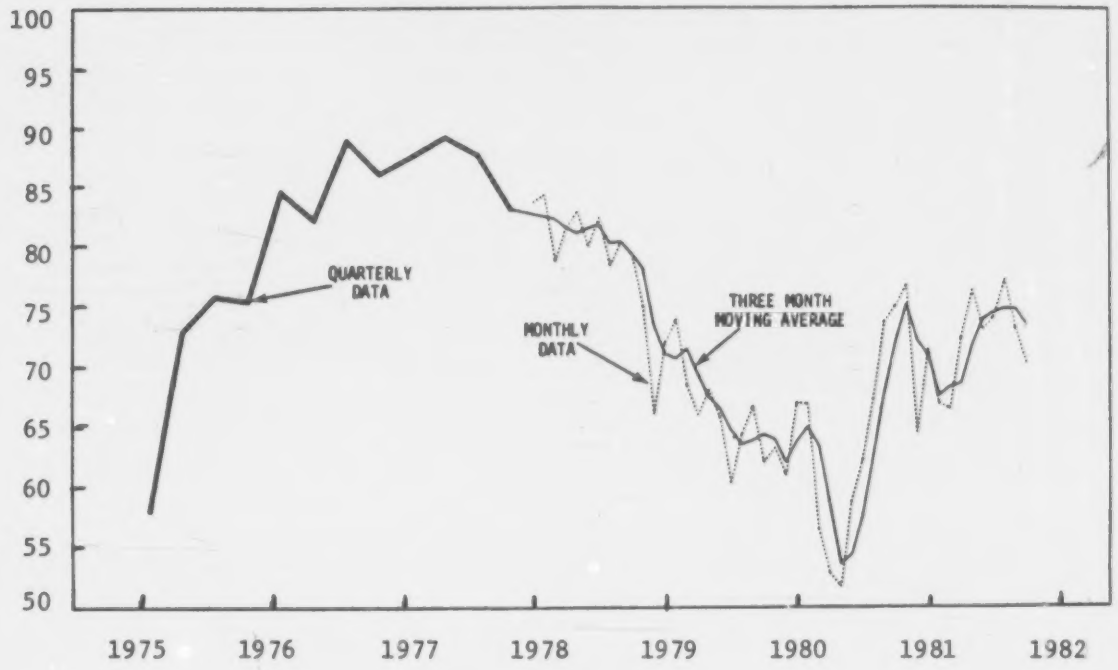
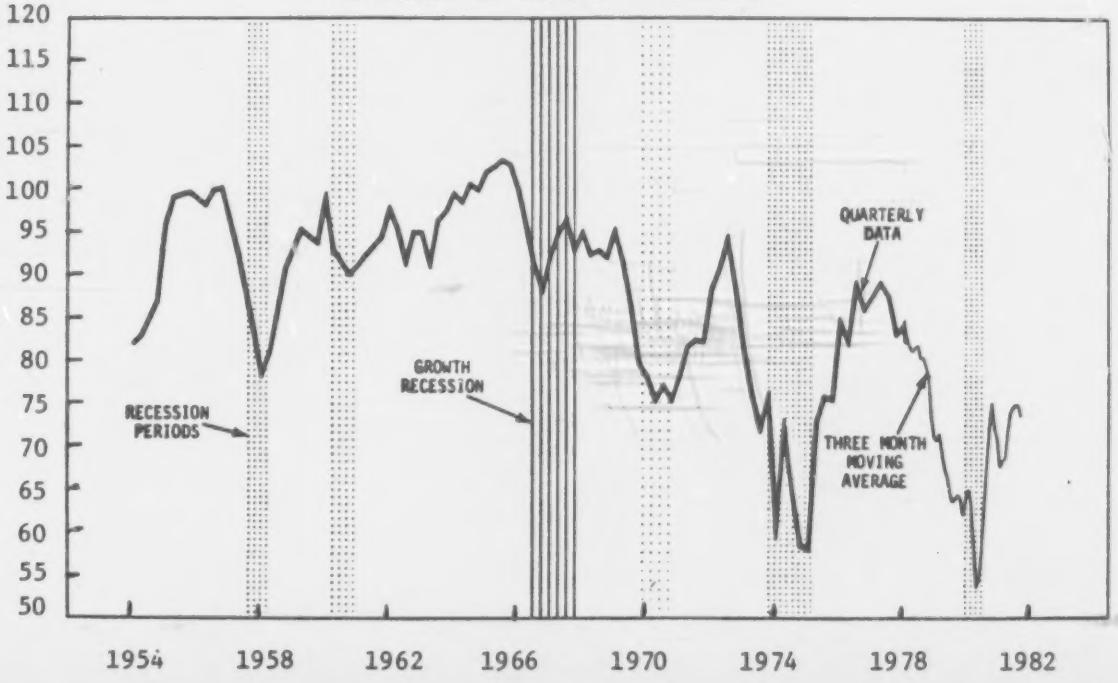


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November	1948	- October	1949
	July	1953	- May	1954
	August	1957	- April	1958
	April	1960	- February	1961
	June	1966	- November	1967*
	December	1969	- November	1970
	November	1973	- March	1975
	January	1980	- July	1980
	July	1981	- November	1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

[a]The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b]Average size of monthly surveys.

[c]Average size of two monthly surveys.

[d]Average size of three monthly surveys (one quarter).

BEST AVAILABLE COPY 9/12/84 U7475-2 A

September 7, 1984

AUGUST 1984 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

OPTIMISM ENDURES

** In the August 1984 survey, the Index of consumer Sentiment was 99.1, up from 96.6 one month earlier, and 90.9 one year earlier. The August figure is less than 2 Index points below the 20 year peak of 101.0 recorded in March 1984. The major factor behind the recent increase in sentiment has been the improved financial situation of consumers.

** Among families with incomes of $25,000 or more, the Index of Consumer Sentiment rose to 109.2 in the August 1984 survey, up from 102.8 one month earlier, and 103.5 recorded one year earlier.

** The financial progress made by American families during the past year has been the most favorable recorded during the past decade. Among all families, 48 percent reported that their financial situation had improved, amid widespread reports of family income increases.

** Two-thirds of all American families thought that business conditions had improved during the past year, but less than half of that proportion expected the same pace of improvement during the year ahead. Despite the expected slowdown in the pace of economic growth, good times financially in the country as a whole were expected to persist during the year ahead (62 percent) as well as during the next 5 years (47 percent).

** The slower pace of economic growth during the year ahead is expected to be accompanied by rates of inflation and unemployment that average about the same as now, but with significantly higher interest rates. Among all families in the June 1984 survey, 55 percent expected interest rate increases, down from the recent peak of 68 percent recorded in April 1984.

** Interest rate increases have thus far had their greatest impact on attitudes toward buying conditions for homes. The proportion of families holding favorable home buying attitudes fell to 50 percent in the August 1984 survey from a peak of 66 percent in the April 1984 survey. The proportion of families holding favorable attitudes toward buying conditions for vehicles declined somewhat in the August 1984 survey, to 59 percent from 65 percent one year earlier. Attitudes toward buying conditions for large household durables remained largely unchanged at very favorable levels in the August 1984 survey.

* * *

Consumer confidence has been maintained at very favorable levels in the August survey, and points toward continued high sales levels through 1984 and into early 1985. Unlike the period of growth in consumer sales in the mid 1970s, when low real rates tilted spending in favor of credit purchases, the current high real rates will favor non-credit purchases.

Monitoring Economic Change Program
Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

Personal Finances: Best in Decade

Nearly half of all respondents in the August 1984 survey reported that their personal financial situation had improved during the past year, the most favorable assessment recorded in more than a decade. Among all families in the August 1984 survey, 48 percent reported that their financial situation improved during the past year, up from 36 percent in August 1983, and equal to the decade peak first recorded in the March 1984 survey. Financial reversals were reported by 23 percent of all families in the August survey, down from 30 percent one year earlier.

The substantial improvement in family finances has been due to widespread income increases, reported by 38 percent of all families in the August 1984 survey, just below the decade peak level of 39 percent recorded in both the March and June 1984 surveys. Complaints about the erosion of purchasing power due to inflation were made by just 11 percent of all families in the August 1984 survey, the lowest level recorded since the mid-1960s. Consumers' expectations for future improvement in their financial situation reached peak levels more than one year ago, and since then have remained near those favorable levels. In the August 1984 survey, 38 percent of all families expected their financial situation to improve during the upcoming year, just above the 37 percent recorded one year earlier. Just 9 percent of all families expected their financial situation to worsen, down from the already lowered level of 13 percent recorded one year earlier.

This favorable personal financial outlook is based on the expectation that during the year ahead family income increases will be larger than price increases. In the August 1984 survey, 63 percent of all families expected their income to increase during the year ahead, somewhat above the 60 percent recorded one year earlier. Expected income increases of 5% or more were

reported by 47 percent of all families in the August 1984 survey; in comparison, 37 percent of all families expected prices to increase by 5% or more during the year ahead. As a result, more American families expected increases in the purchasing power of their income in the August 1984 survey than at any other time in the prior decade. Seventy percent of all families expected increases in their family income to keep pace with or exceed the rate of inflation in the August 1984 survey.

Prospects for the Economy:
Good Times Despite Slower Growth

For more than a year consumer evaluations of current business conditions have reflected the strong pace of the ongoing economic expansion. In the August 1984 survey, 68 percent of all respondents thought that business conditions had improved during the past year, just above the 66 percent recorded one year earlier, and substantially above the 12 percent recorded two years earlier. Although the August figure was below the all-time record high of 75 percent recorded in January 1984, it was nonetheless higher than following any of the prior five recessions.

Consumers have increasingly come to expect during the past year that the pace of economic expansion would slow. Compared with how many respondents reported improvement in the economy during the past year, only about half as many expected the economy to continue to improve at its current pace during the year ahead. In early 1983, the majority of consumers expected the economy to improve by early 1984. Since that time, the proportion of consumers that expected the economy to post continued improvements has fallen, reaching 33 percent in the August 1984 survey, from the all-time peak of 55 percent recorded in May 1983. Despite the decline in expectations for continued economic growth, there is little if any evidence of mounting fears of renewed

economic declines during the year ahead. Among all families in the August 1984 survey, only 14 expected the economy to worsen, just above the 10 percent recorded one year earlier. The near majority (49 percent) expected business conditions in the country as a whole to remain largely unchanged from present conditions during the year ahead.

The very favorable perceptions of the current state of the economy, even when tempered by the expectation that the pace of growth will moderate, has led consumers to expect good times financially for business conditions in the country as a whole not only during the upcoming year, but also during the next five years or so. Among all families in the August 1984 survey, 62 percent expected good times financially during the year ahead, largely unchanged from the 60 percent recorded one year ago, and substantially above the 26 percent recorded two years earlier. The economy was expected to improve over the longer term by 47 percent of all families in the August 1984 survey, up from 37 percent one year earlier, and 23 percent two years earlier.

Interest Rates Weaken Prospects

The combination of an expected slowdown in the pace of economic growth and the expected maintenance of favorable economic conditions was reflected by differences in the underlying expected trends in inflation, unemployment, and interest rates.

Consumers expected inflation and unemployment to remain at their current reduced levels during the year ahead. On average, consumers expected an annual inflation rate of 4.6% in the August 1984 survey, down from 5.0% one year earlier. The majority of families in the August 1984 survey expected the unemployment rate to remain largely unchanged during the year ahead (54 percent). The proportion of families that expected further declines in the unemployment rate fell to 24 percent in August 1984, from 42 percent one year

earlier, while increases in unemployment were expected by 21 percent in August, somewhat above the 15 percent recorded one year ago. Confidence in government economic policies with regard to inflation and unemployment remained at a very high level in the August 1984 survey. Among all families, 33 percent favorably rated government economic policies, which tied the highest level recorded during the last decade, first recorded in March 1984.

Interest rates, in contrast, were expected to increase by the majority of respondents in the August 1984 survey. Among all families, 55 percent expected interest rate increases, a decline from a high of 68 percent in April 1984, but still above the 47 percent recorded one year earlier. Just 13 percent of all families expected interest rates to decline during the year ahead in the August 1984 survey.

Buying Conditions

Expected increases in interest rates have not only diminished prospects for continued economic growth, but have also eroded favorable attitudes toward buying conditions. Thusfar, interest rate increases have had their greatest impact on the housing market. Favorable attitudes toward buying conditions for houses were held by 50 percent of all families in the August 1984 survey, down from the cyclical peak of 66 percent recorded in April 1984. Unfavorable attitudes toward buying conditions for homes were held by 44 percent of all families in the August survey, the highest level recorded in more than a year. The major reason for the recent decline in favorable home buying attitudes has been interest rate increases. Among all families, 22 percent referred to the availability of lower mortgage interest rates in the August 1984 survey, down from 33 percent one year earlier (see Table A). References to buying-in-advance of rising mortgage rates fell to 13 percent in the August survey, down from a peak of 23 percent recorded in April

1984. At the same time, references to high interest rates rose from a low of 20 percent in April 1984 to 40 percent in August. Favorable consumer perceptions of housing prices have not changed very much during the past year. Among all families in the August 1984 survey, 15 percent referred to the availability of discounts and reduced prices on homes (just below the 17 percent recorded one year earlier), and 16 percent referred to high housing prices making purchases unattractive in the August 1984 survey (just above the 14 percent recorded one year earlier).

Favorable attitudes toward buying conditions for vehicles declined by a small amount during the past year, but remain on balance at favorable levels. Among all families in the August 1984 survey, 59 percent recorded favorable buying conditions for vehicles, somewhat below the 65 percent recorded one year earlier. Unfavorable assessments of buying conditions for cars were held by 30 percent of all families in August 1984, just above the 28 percent recorded one year earlier. The major factor behind the small decline in favorable car buying attitudes has been interest rate increases. Among all families in the August 1984 survey, the proportion that referred to the availability of reduced interest rates on vehicle loans fell to 12 percent in August 1984 from 30 percent one year earlier. Importantly, even though the proportion that reported the availability of lower interest rates declined sharply during the past year, the frequency of reports that interest rates have increased on vehicle loans rose to just 12 from 6 percent one year earlier. References to price discounts and rebates on vehicles fell to 19 percent in the August 1984 survey, from 25 percent one year earlier, and the cyclical peak of 37 percent recorded more than two years earlier. Partially offsetting this trend, references to high vehicle prices have also declined

over these past few years. In the August 1984 survey, the same proportion of respondents referred to both low and high vehicle prices (19 percent).

Buying attitudes toward household durables have been least affected by interest rates, and have benefited the most from favorable perceptions of market prices. Favorable attitudes toward buying conditions for large household durables were held by 72 percent of all families in the August 1984 survey, somewhat below the all-time record peak of 77 percent recorded three months earlier, but above the 64 percent recorded one year earlier. These very favorable attitudes toward durable buying conditions were largely due to favorable perceptions of market prices. Among all families, 35 percent mentioned the availability of lower prices and good buys on household durables in the August 1984 survey, just above the 33 percent recorded both one month and one year earlier. Just 9 percent of all families reported in the August 1984 survey that prices for large household durables were too high at present, down from 15 percent one year earlier. This figure is just above the twenty year record low of 8 percent recorded in May of 1984.

Summary Outlook

The length and strength of the current recovery in consumer sentiment can be traced to trends in income and employment, as well as prices and interest rates. Renewed growth in household income and employment coupled with low inflation rates have greatly strengthened personal finances. In past recovery periods, sustained income growth was accompanied by a resurgence in inflation, and as a consequence acted to drain rather than enhance income discretion. Prospects for business conditions in the country as a whole were likewise boosted by declines in both the rates of inflation and unemployment during the past year. While expected increases in interest rates have diminished prospects for continued growth, in themselves they are as yet

insufficient to reverse the overall favorable economic outlook. Interest rate trends have had a more direct and larger impact on attitudes toward buying conditions. But the continued growth in real personal income has acted to offset this negative influence, especially for noncredit purchases.

Recent shifts in consumer attitudes and expectations have reflected a typical cyclical pattern: expectations reached peak levels first, followed by peak levels in evaluations of current economic conditions. One year ago, a wide range of expectations measures reached their most favorable cyclical levels, including inflation, unemployment, and interest rate expectations,. Since then, unemployment and inflation expectations have remained at very favorable levels. Only interest rate expectations have become very unfavorable, and they represent the primary factor underlying the expected slowdown in economic growth. Nonetheless, the renewed strength in personal finances, coupled with favorable attitudes toward buying conditions, points toward continued high sales levels through 1984 and into early 1985. Unlike the period of growth in consumer sales in the mid 1970s, when low real interest rates tilted spending in favor of credit purchases, the current high real rates will favor non-credit purchases.

* * *

The August 1984 survey included 693 completed interviews, conducted between August 1 and August 31, 1984.

TABLE A

REFERENCES TO INTEREST RATES IN SUPPORT OF FAVORABLE BUYING CONDITIONS

Survey Date	Durables		Houses		Vehicles	
	Low Rates	BiA Rates	Low Rates	BiA Rates	Low Rates	BiA Rates
8001	1	2	NA	NA	1	1
8002	1	2	2	7	1	2
8003	1	4	NA	NA	1	2
8004	*	3	*	3	3	1
8005	*	2	3	3	*	1
8006	2	1	14	2	2	1
8007	4	1	17	6	2	1
8008	3	2	19	9	3	1
8009	1	2	11	11	2	2
8010	1	3	6	10	1	2
8011	*	2	2	8	1	2
8012	1	2	1	5	2	2
8101	*	2	1	3	4	1
8102	1	2	2	5	2	1
8103	1	*	1	4	1	1
8104	*	2	3	6	2	1
8105	1	2	4	3	3	1
8106	*	1	1	4	2	1
8107	1	1	2	4	2	1
8108	2	1	3	5	4	1
8109	*	1	3	3	4	2
8110	*	1	1	3	4	*
8111	1	1	2	2	5	*
8112	1	1	4	2	4	1
8201	2	1	5	3	4	2
8202	1	1	4	3	3	*
8203	*	1	3	2	3	*
8204	1	*	4	2	7	*
8205	2	1	3	3	10	1
8206	1	1	5	2	6	1
8207	1	1	2	2	4	1
8208	1	1	3	4	5	1
8209	3	1	16	4	9	1
8210	4	1	19	4	10	1
8211	5	*	25	5	19	1
8212	6	2	30	5	26	1

TABLE A (continued)

Survey Date	Durables		Houses		Vehicles	
	Low Rates	BiA Rates	Low Rates	BiA Rates	Low Rates	BiA Rates
8301	7	*	33	4	27	2
8302	7	1	35	5	34	1
8303	7	1	38	6	33	1
8304	12	2	46	8	38	2
8305	12	1	49	6	38	2
8306	13	3	49	12	38	2
8307	14	2	40	9	34	3
8308	11	1	33	11	30	3
8309	9	3	35	12	25	3
8310	6	1	29	9	17	2
8311	6	2	29	11	20	2
8312	6	1	30	11	16	3
8401	8	1	33	8	20	3
8402	9	2	38	12	19	3
8403	8	2	36	13	19	3
8404	8	6	29	23	15	7
8405	7	4	24	20	14	4
8406	7	4	21	17	12	6
8407	5	5	21	16	16	8
8408	6	2	22	13	12	5

NOTE: The proportions given above provide greater detail than is reported in the monthly tables (see Tables 27, 29 and 31). The monthly tables report the total proportion of respondents that made favorable references to credit conditions. The figures above divide this total into those respondents that referred to the current availability of low interest rates, and those that referred to buying-in-advance of rising interest rates.